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# Politics and petroleum development in Argentina, 1916-1930.

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POLITICS AND PETROLEUM DEVELOPMENT  
IN ARGENTINA, 1916-1930

A Dissertation Presented

by

James E. Buchanan

Submitted to the Graduate School of the  
University of Massachusetts in partial  
fulfillment of the requirements for the degree of

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May

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Major Subject History



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POLITICS AND PETROLEUM DEVELOPMENT  
IN ARGENTINA, 1916-1930

A Dissertation

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J. E. B.

## ABSTRACT

Politics and Petroleum Development in Argentina, 1916-1930

(May 1973)

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Directed by: Dr. Robert A. Potash

During the Radical Period (1916-1930), Argentina's first experiment with middle class democracy failed to provide channels for meaningful political participation on the part of the nation's lower and middle classes. Symptomatic of this larger failure was the inability of Argentina's political leaders and parties to provide the country with a much needed oil law prior to 1930.

Subsequent to the 1907 discovery of a commercially exploitable oil deposit in Comodoro Rivadavia (Territory of Chubút), the nation's leaders faced a problem born of the fact that the 1886 Mining Code's provisions made no allowance for the peculiarities of the petroleum industry. New legislation was needed to decide whether ownership of the deposits would remain with the provinces or be transferred to the national government, to dictate precisely who would exploit the oil (the state, private interests, or some combination of the two), and, in the case of private exploitation, to prescribe the exact conditions for concessions.



Between 1907 and 1930, two general positions developed on this issue. That of the oil nationalists was based on the assumptions (1) that Argentina possessed vast oil reserves which were the key to industrialization, economic independence and national defense, and (2) that the "world oil trusts" were intent upon controlling Argentina's oil for their own purposes, even if it meant disrupting the nation's internal peace to do so. The nationalists, therefore, supported the extension of federal control over oil deposits, state exploitation through Yacimientos Petrolíferos Fiscales (YPF), and closely-controlled, small-scale private operations and/or mixed companies involving state and private capital. By 1927, the most ardent nationalists were demanding an integrated and exclusive state monopoly over domestic oil development.

The opposing view, held by domestic conservatives and prospective foreign and national oil investors, was based on the assumption that Argentina might have important petroleum resources, and that it was necessary to allow large private firms to work under liberal conditions in order to reveal whether the alleged oil wealth was myth or reality.

That no compromise was reached between these two positions can, in large part, be attributed to the Radical Party which held national political control from 1916 to 1930, and particularly to the Yrigoyenist wing. The



Yrigoyenists consistently pursued an oil policy designed to elicit electoral support, rather than one aimed at producing the necessary national legislation. The most blatant manifestation of this tendency occurred in 1927-1928 during and after the only major oil debate before 1930. Instead of seeking a compromise solution which would have conciliated all parties and still protected the nation's interests, the Yrigoyenists stood unalterably for an exaggerated nationalist policy. They and the Independent Socialists pushed through the Chamber of Deputies a bill calling for federalization of oil deposits and a complete state oil monopoly. While the proposal had no chance of gaining Senate approval, the Yrigoyenists and the Independent Socialists used their nationalist stance effectively in the 1928 national elections.

Under this legal cloud, the oil industry developed slowly. The private sector adopted a "wait and see" attitude while at times devoting considerable energy and resources to speculation in exploration rights. The state enterprise, YPF, made some remarkable advances under the guidance of the energetic and talented nationalist, General Enrique Mosconi (1922-1930), but it too was hindered by the absence of a clearly defined national oil policy. As a consequence, not even the combined efforts of the public and private sectors were sufficient to keep pace with the

nation's expanding demand for oil and oil products.

## INTRODUCTION

Passage of the Sáenz Peña electoral reform law in 1912 and Hipolito Yrigoyen's election as President four years later were events hailed by Argentines and foreigners alike as giant strides toward harmonizing theory and practice in the nation's political system. Fourteen years later, however, Yrigoyen was the victim of a military coup, an act whose repercussions for Argentina's political evolution were to prove far more influential than those of the Sáenz Peña law. Broken and defeated, the mysterious caudillo bore with him to Martín García Island the extravagant hopes entertained by many of his coreligionists in 1916. Argentina's experiment with Western-style middle class democracy failed to provide a political environment conducive to solving or even confronting effectively the nation's social and economic problems.

The urgent need for understanding why the experiment failed becomes apparent after glancing at Argentina's post-1930 political record. In forty-three years, only two elected presidents have managed to complete a full six-year term, while six Chief Executives (three civilians and three military) have been ushered out of office by military coups.

Amidst this chaotic political setting, Argentina has been unable to mobilize her human and natural resources to battle chronic social and economic problems. Although the origins of the country's political difficulties do not lie exclusively in the Radical Period (1916-1930), it is logical to expect that a firm understanding of those years will facilitate our understanding of Argentina's contemporary maladies.

Despite the need for research, the Radical years have remained somewhat in the shadows while historians have preferred to shed light on 19th century and post-1943 Argentina. As a result, our knowledge of the 1916-1930 era rests heavily on the work of "official" historians and polemicists. A trend toward filling this information gap can be discerned in some recent monographs which deal with several aspects of the Radical Period, including Robert A. Potash's The Army and Politics in Argentina, 1928-1945 (Stanford: Stanford Univ. Press, 1969), Samuel L. Baily's Labor, Nationalism, and Politics in Argentina (New Brunswick: Rutgers Univ. Press, 1967), Peter Smith's Politics and Beef in Argentina (New York: Columbia Univ. Press, 1969), and Peter Snow's Argentine Radicalism (Iowa City: Iowa Univ. Press, 1965). While none of these studies treats exclusively with the Radical Period, Potash, Smith, Baily, and Snow have all contributed to an understanding of



those years by providing new information and fresh interpretations based on scholarly investigations. It is only from many more studies of this type that a meaningful synthesis of the Radical Period will emerge.

Among the topics deserving detailed study, petroleum must be accorded high priority. Since 1907 when oil was discovered in Comodoro Rivadavia, it has been an explosive ingredient in the Argentine political formula. From the viewpoint of the national politicians, the problem has been one of agreeing on a philosophy for oil development and then mapping out the specific conditions under which exploration and exploitation must be conducted. In 1916, Argentina had no organic petroleum law. Exploration and exploitation were subject to the provisions of the 1886 Mining Code which simply lumped oil together in a category with other important mineral resources. Since the amount of capital and time and the degree of technology demanded by the petroleum industry clearly distinguished it from other mining operations, the need for special legislation was evident.

The central focus of this study is an analysis of the proposals offered by political parties and interest groups to fill the legislative void, and the related political controversies. Two key issues dominated the debate which culminated in a prolonged Congressional battle in 1927:

1) Ownership - Should the provinces maintain control over their petroleum deposits as the Mining Code dictated, or should all oil reserves be placed under exclusive federal jurisdiction?; 2) Exploitation - Who should undertake exploitation, the state, private companies, or some combination of the two?

The political parties whose petroleum policies are to be examined include: 1) the Radical Party (Unión Cívica Radical) which split after 1924 into the personalistas who supported Yrigoyen and the antipersonalistas led by Yrigoyen's successor, Marcelo T. de Alvear; 2) the Conservative group which was not a party but a loose coalition of provincial organizations with no permanent national structure; 3) the Socialist Party which splintered into the Independent and Orthodox wings in 1927. Argentina's political map during the Radical Period was dotted with provincial and regional parties whose names do not appear here. The Congressional debates, however, reveal that representatives of these marginal parties generally aligned themselves with one of the five major political groups on the petroleum issue. It is, therefore, not necessary to deal with each of the smaller organizations individually.

Several interest groups became involved in the policy debate, particularly after 1926 when the matter was one of widespread public concern. Among the major participants



were: 1) Yacimientos Petrolíferos Fiscales (YPF), the state oil firm; 2) private oil investors whose opinions were sometimes expressed through a special section of the Unión Industrial Argentina; 3) the Comité Universitario Radical, formed by Radical sympathizers in the academic community; and 4) the Alianza Continental, a continent-wide group formed to combat imperialism in Latin America. The Alianza spearheaded the attack on foreign oil investment in Argentina. With respect to these organizations, the issues of interest to the present study are not only their individual proposals, but also their respective propaganda techniques, and their effectiveness as pressure groups insofar as it can be determined.

As might be expected, the petroleum debate consistently involved the themes of economic nationalism, British and United States imperialism, and the protection of national sovereignty. A strong ideological undercurrent was unavoidable when many Argentines considered domestic petroleum as the key to industrialization and economic independence, and the ideological content of the debate intensified in direct proportion to the increasing politicization of the issue during the 1920's. It reached a point where some groups chose to ignore completely practical considerations as they made intransigent opposition to foreign oil interests the touchstone of national loyalty.

How and why the discussion became sidetracked in this manner will be one of the major themes analyzed with the Great Petroleum Debate in 1927.

Information on the growth of the petroleum industry, in both the private and public sectors, has been provided insofar as it is necessary to keep the political debate in perspective. Since the records of the private companies operative between 1916 and 1930 are not available, statistical material has been drawn almost exclusively from official sources. There is no reason to believe, however, that the government figures are unreliable.

Except for Chapter I, this study is organized chronologically around the three Radical presidential administrations that span the period 1916-1930. The first chapter examines the petroleum situation in the years from the Comodoro Rivadavia oil discovery in 1907 until Yrigoyen assumed the presidency in 1916. Considerable space has been devoted to this background era because the existing literature on the subject is inadequate and/or misleading. Yrigoyen's first term is treated in Chapters II and III with 1919 as the dividing line. This division, while admittedly arbitrary, coincides with the presentation to Congress of Yrigoyen's first major petroleum bills in September 1919 and separates the 1916-1919 period of relative inactivity on the petroleum issue from the latter part

of Yrigoyen's presidency when increased activity culminated in the creation of YPF in 1922. The Alvear administration is likewise the subject of two chapters. Chapter IV deals with the 1922-1926 period, highlighting the work of General Enrique Mosconi as YPF's Director General, while Chapter V covers the remaining two years, focusing on the Great Petroleum Debate. Chapter VI treats Yrigoyen's abbreviated second term (1928-1930), and the conclusions appear in a final chapter, Chapter VII.

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## C H A P T E R I

### AN INDECISIVE BEGINNING

The discovery of extensive petroleum reserves near Comodoro Rivadavia (National Territory of Chubút) was one of those fortuitous events in a nation's history which provoke visions of unexpected wealth and power, and, at the same time, challenge the abilities of national leaders to develop policies which will maximize the benefits of the new found resources.<sup>1</sup> Argentina's oil windfall came on December 13, 1907 at the hands of a government team drilling for potable water near the isolated Patagonian pueblo. Although this was not the first petroleum discovery in the country's history, December 13th is commemorated by Argentines as National Petroleum Day. For if the Comodoro Rivadavia strike was not the first, it was the discovery that initiated the development of petroleum as an economic resource and as a political issue.

By 1930, the petroleum industry still had not fulfilled the dreams awakened in 1907. It did not eliminate

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<sup>1</sup>See map, Frontispiece.

the need for importing fuels by that date, nor did it become the basis of a burgeoning industrial complex. Petroleum did grow in a political sense, however, into something few if any Argentines anticipated in 1907. The question of who would exploit this vital resource and under what conditions became a political storm center of considerable magnitude, a subject for heated debate in Congress, in lecture halls, and on street corners. So highly politicized and so emotionally charged did the issue become that economic and financial aspects at times became strangely irrelevant.

Argentina's experience with domestic petroleum exploitation prior to 1907 had not been particularly rewarding. Between 1865 and the end of the century, several firms which were organized to exploit petroleum deposits in the provinces of Mendoza, Salta and Jujuy met with failure. Insufficient supplies of capital and machinery combined with the lack of scientific knowledge and technological expertise to defeat these early experiments.<sup>2</sup>

Viewed from a wider perspective, the petroleum industry from 1865 to 1907 was the victim of the economic policies pursued by the ruling elite. Insofar as any

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<sup>2</sup>For background on 19th century petroleum exploitation, see República Argentina, Ministerio de Comercio y Industria, Las fuentes del petróleo argentino (Buenos Aires: Dirección Nacional de Minería, 1957), 6; and Sadi H. Mozo, El petróleo



attachment to doctrinaire concepts can be discerned, laissez-faire and multilateral trade dominated the thinking of Argentina's leaders. This group of notables, nurtured on French culture and British capital, rested their political supremacy on an agricultural export economy. Argentine wheat, meat, and wool were exchanged in transatlantic markets for the output of Europe's factories. Economic priorities were ordered according to the demands of this trade and not according to any plan for developing the economic potential of the nation as a whole, and especially that of the interior provinces. Deposits of petroleum and other minerals often lay in remote areas, and their exploitation would have required sizable investments at considerable risk. While fortunes still could be made in land, cattle, railroads, and other fields which buttressed the existing economic framework, mineral exploitation was not an attractive field for domestic and/or foreign capital. In the short run, it was easier, and probably cheaper, to continue depending upon imported fuels and minerals.

Given the prevailing economic philosophy, no Argentine government before 1907 had perceived petroleum as an issue. Petroleum was a mineral like all others, and, as such, its exploration and exploitation were subject to the dictates

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argentino en el siglo XIX (Bahía Blanca: Martínez, Rodríguez y Cía., 1950), 9-123.

of the 1886 Mining Code. The circumstances surrounding the Comodoro Rivadavia discovery, however, altered that situation and forced the government of President José Figueroa Alcorta to face the question of what Argentina should do with her oil resources. Not only had government workmen been responsible for the find, but under Article 7 of the Mining Code, the national government was the legal owner of the deposits by virtue of the fact that they were located on land under its jurisdiction.<sup>3</sup> The fate of the Comodoro Rivadavia deposits obviously lay in the hands of Figueroa Alcorta's administration, and, undoubtedly, the policy decided upon would weigh heavily as a precedent in the event of future discoveries.

While deliberating their course of action, the President and his advisors had to consider the significance of a plentiful domestic petroleum supply for the present and future development of the nation. They must have realized that the "Petroleum Age" was fast dawning, and that through

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<sup>3</sup>Under the Mining Code of 1886, Argentine mineral resources were the property of the national or provincial governments according to where they were located (Art. 7). Private interests were granted the right to search for and exploit mineral deposits under the regulations of the Code (Art. 8), and the State was prohibited from exploiting or otherwise disposing of mines except as the Code dictated (Art. 9). Eduardo A. Pigretti, comentador, Código de minería y legislación de hidrocarburos (Buenos Aires: Cooperadora de Derecho y Ciencias Sociales, 1964), 22-31. For the regulations referring to exploration and exploitation rights see Ibid., 45-115, 140-315. A detailed

its application to the internal combustion engine, petroleum would become a vital fuel source. If this was accepted as axiomatic in coal-producing countries like the United States and England, how much more significant was it for Argentina which had no domestic fuel supply and annually paid a considerable sum abroad for imported coal?<sup>4</sup> Economically, however, a national petroleum supply meant more than possibly escaping the annual outlay for foreign fuels. It was one of the essential elements for Argentine industrial development and, therefore, for the attainment of economic independence, something which nearly a century of political independence had not produced. In terms of national defense, the value of a secure domestic fuel

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analysis of these provisions as they applied to petroleum may be found in Carlos E. Velarde's Las minas de petróleo en la legislación argentina (Buenos Aires: Imprenta y Casa Editora "Coni", 1922), 33-178.

<sup>4</sup>Between 1907 and 1909 Argentina paid an average of 16,968,932 \$oro a year for an average of 2,424,133 tons of coal. This represented an average of 5.9% of the total value of Argentina's imports. When crude petroleum and petroleum products are added to coal, the figures go up to 23,012,493 \$oro and 8.0% per annum. Republica Argentina, Dirección General de Estadística (hereinafter cited D. G. de Estadística), Anuario de la direccion general de estadística, correspondiente al año 1907 (Buenos Aires: Compania Sudamericana de Billetes de Banco, 1908), I, pp. XIII, 288; also Anuario, 1908, I, pp. XVII, 338; Anuario, 1909, I, pp. XIX, 356-357; and Jorge Newberry and Justino C. Thierry, El petróleo (Buenos Aires: Vaccaro, 1910), chart facing p. 1.



supply was obvious.

Given these potential advantages, there were serious problems which had to be confronted. As yet, little was known about Argentina's petroleum wealth. One accidental discovery proved nothing as to the extent of the deposits or their quality. Even if vast high-grade deposits could be assumed, experience had demonstrated that the nation lacked the willing capital, heavy machinery, and trained personnel necessary for petroleum exploitation. Finally, there was a legal problem to be faced. The Mining Code was approved in 1886 when neither the economic significance of petroleum nor the problems of its exploitation were understood. While the physical properties of oil deposits and the time, money, and risk involved in their development clearly distinguished the petroleum industry from other extractive enterprises, the standards for granting exploration and exploitation rights were the same for petroleum as for other minerals. In addition, it appeared that the government's latitude for decision making was curtailed by Article 9 of the Code which prohibited the State from exploiting or otherwise disposing of mines except as the provisions of the Code dictated.<sup>5</sup> In other words, they had to be granted to private interests for development.

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<sup>5</sup>Pigretti, Código de minería, 28.

The policies adopted by the Figueroa Alcorta government in response to the oil discovery were not definitive in the sense of laying down a path from which there would be no future deviation. Nevertheless, that administration established a lasting precedent when it promptly displayed its preference for at least some measure of state participation in and control over the petroleum industry. On December 14, 1907, the Executive Power issued a decree signed by Figueroa Alcorta and his Minister of Agriculture, Pedro Ezcurra, which prohibited the granting of mineral rights in a 200,000-hectare reserve centering on the town of Comodoro Rivadavia.<sup>6</sup> This area was set aside for further exploration by the National Bureau of Mines. There having been no provision in the Mining Code for the creation of such a reserve, the decree was based on the 1903 land law (Law 4,167). Article 15 of that statute permitted the Executive Power to exclude private interests from territories being explored by government agencies.<sup>7</sup>

In his address opening the 1908 Congressional sessions,

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<sup>6</sup>República Argentina, Ministerio de Agricultura, Yacimientos Petrolíferos Fiscales (hereinafter cited YPF), Recopilación de leyes, decretos y resoluciones sobre materia petrolera (Buenos Aires: L. J. Rosso, 1938), I, 5.

<sup>7</sup>Ibid., 6.

the President explained the reasons for the decree,

This discovery, which can transform the economic fortunes of the region, demanded a halt to the granting of private exploration rights in the area around the well in order to study the deposit's extension, importance, yield and application, and consequently, the form of exploitation most advantageous to the public interest.<sup>8</sup>

It is obvious from his remarks that the President was thinking only in terms of the Patagonian region and not of the nation as a whole, and that the decree was intended to serve as a holding action rather than a permanent policy. Private interests were to be denied access to the area around the discovery on a temporary basis while the government compiled the information necessary for formulating its policy. From a more positive point of view, the fact that the decree strayed from the accepted laissez-faire outlook and created for the government an active role in the economic sphere was a measure of the importance attached to the petroleum industry by the Figueroa Alcorta administration. Here was a clear indication to private capital that the government was willing to intervene and protect what it considered to be the public interest.

Though Figueroa Alcorta's term expired without any

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<sup>8</sup>República Argentina, Congreso Nacional, Cámara de Senadores, Diario de sesiones (hereinafter cited Senadores, Diario) (Buenos Aires: Imprenta del Congreso de la Nación, 1908), 1908, I, 36.



decision on the best approach to oil exploitation in Comodoro Rivadavia, another step was taken in the form of Law 7,059. As promulgated on September 6, 1910, this measure opened to private interests 97.5% of the 200,000-hectare reserve in Comodoro Rivadavia and left the government with a 5,000-hectare reserve that was to be divided into lots of 625 hectares each. The right to exploit petroleum on these lots was to be assigned through public auction, and the Executive Power was authorized to withhold one or more of them for direct state exploitation. The sum of 500,000 \$m/n was allocated to the Ministry of Agriculture to cover the expenses of the law.<sup>9</sup> While the Congressional debate had revolved around the relative merits of private and state exploitation, the law left the issue unresolved.<sup>10</sup> It was the Executive's choice as to whether the State would reserve the entire zone for its own work or leave all or part of it open to private capital.

If national petroleum policy was slow to develop during these years, 1907-1910, activity in the Comodoro Rivadavia proceeded at the same pace. Work in the area was

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<sup>9</sup>YPF, Recopilación, I, 7.

<sup>10</sup>For the debates see Senadores, Diario, 1909, 569-582; and República Argentina, Congreso Nacional, Cámara de Diputados, Diario de sesiones (hereinafter cited Diputados, Diario) (Buenos Aires: Imprenta del Congreso de la Nación, 1910), 1910, II, 244-247.

the responsibility of the Bureau of Mines until the first specialized petroleum agency assumed its duties in April 1911. A total crude oil production of 8,119 m<sup>3</sup> (cubic metres) testifies to the fact that operations were more exploratory than exploitative in nature.<sup>11</sup> Even then serious difficulties arose because of the scarcity of drilling machinery and technical personnel, the lack of public confidence and support, and, above all, the insufficiency of funds. From December 1907 until April 1911, the government invested 290,651 \$m/n in petroleum development.<sup>12</sup> This was hardly a sum designed to produce startling results. Rather it was a reflection of the uncertain and perhaps indifferent attitude which characterized the Figueroa Alcorta administration, an attitude that allowed it to step down without having formulated a definitive petroleum policy.

On October 12, 1910, incoming President Roque Sáenz Peña inherited a national petroleum policy still in embryo. It was known that Argentina possessed oil deposits, and it

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<sup>11</sup>Enrique Hermitte, El estado de la cuestión petróleo (Buenos Aires, 1921), 18; and Boletín de Informaciones Petrolíferas (hereinafter cited BIP), No. 9 (April 1925), 755.

<sup>12</sup>República Argentina, Ministerio de Agricultura, Dirección General de Explotación de Petróleo de Comodoro Rivadavia (hereinafter cited D. G. de Explotación), Memoria de la dirección general de explotación de petróleo de Comodoro Rivadavia, correspondiente al años 1912/1913 (Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1914), 66-67.

was assumed that they were extensive. Yet it was not clear whose task it would be to develop this vital resource. The national government had given notice it would not step aside and deal private capital a free hand, but it had not spelled out clearly what its objectives were or what role it would play.

Sáenz Peña began with a burst of energy as manifested in an Executive Decree issued only two months after he took office. Through this December 24, 1910 decree, the President and his Minister of Agriculture, Eleodoro Lobos, exercised the option left open to the Executive Power in Law 7,059 and set aside the entire 5,000-hectare tract in Comodoro Rivadavia for state exploitation.<sup>13</sup> It is probable that the impetus for this measure came from Enrique Hermitte, the French-trained engineer who headed the Bureau of Mines, for the considerations set forth in the decree are nearly an exact reproduction of the arguments he presented on this matter in his department's Memoria for 1910.<sup>14</sup>

The considerations constituted a reasoned brief for

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<sup>13</sup>YPF, Recopilación, I, 9-13.

<sup>14</sup>República Argentina, Ministerio de Agricultura, Dirección General de Minas, Geología e Hidrología, (hereinafter cited D. G. de Minas), Memoria de la división de minas, geología e hidrología, correspondiente al año 1910 (Buenos Aires: Oficina Meteorológica Argentina, 1912), 31-35.



state exploitation of the reserve. While conceding that this was a novel practice, alien to the traditions of Argentine mining legislation and economic policy, the decree noted that the Executive Power was encouraged by reports from the Bureau of Mines on the quantity and quality of the Comodoro Rivadavia deposits. Petroleum production was of vital importance to a coal-importing nation since it held out the promise of relieving Argentina from economic and industrial subordination to fuel exporters. State activity would prevent monopolies while at the same time attracting private capital by proving the Argentine petroleum industry was a profitable venture. An ample area outside the reserve lay open to private firms which, in any case, would not be likely to invest in the reserve itself since their rights would be guaranteed for only five years under the provisions of Law 7,059.

Thus far, the considerations seemed to indicate a long-term commitment to state exploitation as a matter of government policy. Such was not the case. The prefatory remarks also pointed out that when the five-year limit expired the State would be free, if it were advisable, to invite private investment into the reserve. Meanwhile, government activity would reveal the worth of the zone and enable the State to obtain for exploitation rights a sum in accord with their true value. In short, though the

Executive branch felt there was reason to pursue the state's activity in Comodoro Rivadavia over the next five years, it would be on an experimental basis only. There was clearly an unwillingness to say without reservation that direct state exploitation was the proper course of action.

In contrast to the lengthy introduction, the operative part of the decree was brief and precise. It provided for the creation of an honorary Petroleum Commission (Dirección General de Explotación del Petróleo de Comodoro Rivadavia) under the Minister of Agriculture and charged it with responsibility for the industrial and commercial exploitation of the federal reserve.<sup>15</sup>

Before ill health forced his retirement from the presidency in October 1913, Sáenz Peña and his Minister of Agriculture, now Adolfo Mujica, issued another decree of major significance for petroleum development.<sup>16</sup> Dated May 9, 1913, it was a response to a situation that had evolved under the terms of Law 7,059. That legislation had reduced the original 200,000-hectare reserve to 5,000 hectares, thereby placing extensive stretches of potential petroleum

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<sup>15</sup>For the ordinance spelling out the powers and duties of the Commission see YPF, Recopilación, I, 13-15. Honorary is used in the sense of unsalaried.

<sup>16</sup>Ibid., 20-21.

land within the reach of private interests. Rights to explore the land were avidly sought after, but no actual exploration was taking place, nor was any petroleum being produced. The rights were being acquired for speculative purposes, either by individuals who intended to sell them at a lucrative profit, or by large companies attempting to monopolize petroleum territories for subsequent sale or exploitation.<sup>17</sup>

In responding to this situation, the May 9th decree stated that it was the Executive Power's duty to insure the legitimate exploitation of public wealth, and, to that end, it was ordering an in-depth exploration of the reserve described in the decree and recommending passage of legislation to regulate petroleum development. The decree defined a reserve of some 167,000 hectares in Comodoro Rivadavia within which mineral rights would not be granted until it had been fully explored by the Ministry of Agriculture.<sup>18</sup> As with previous petroleum measures, this decree did not

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<sup>17</sup>One of the best official accounts of this phenomenon can be found in D. G. de Explotación, Memoria, 1912/1913, 70-72.

<sup>18</sup>The reserve created by this Decree was later decreased in size because it was based on the land law of 1903, Law 4,167. Since that law referred exclusively to public lands and the 167,000 hectares included private properties, a Decree issued on October 8, 1914 exempted the latter from the provisions of the 1913 measure. YPF, Recopilación, I, 30-31.



constitute a definitive policy statement. It was designed to meet a particular set of circumstances, and more to deter speculation than to promote exploration. If state exploration and exploitation had been hampered in the past by the lack of funds, where was the money to come from for the exploration of an area 30 to 35 times the size of the federal reserve?

The Sáenz Peña administration did take steps to obtain operating funds for the Petroleum Commission, submitting bills to Congress in 1911 and 1913. On both occasions, the Minister of Agriculture had received long reports from the Petroleum Commission detailing the need for financial support. In 1911, the Commission sought 2,000,000 \$m/n while in 1913 the target was a more ambitious 15,000,000 \$m/n.<sup>19</sup> In an effort to satisfy the requests, the Executive Power simply placed the Commission's case before Congress in the form of legislative proposals.<sup>20</sup> Unfortunately for the Commission's labors, neither bill was approved by Congress.

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<sup>19</sup>For copies of the reports justifying the requests for funds, see D. G. de Explotación, Nota fundando su pedido de 2.000.000 \$m/n para proseguir los trabajos (Buenos Aires: Oficina Meteorológica Argentina, 1911); and Petróleo de Comodoro Rivadavia; Memorandum de la dirección general relativo a la explotación futura de los yacimientos de petróleo de Comodoro Rivadavia con programa de trabajos y presupuesto de gastos, del acta del 8 de abril de 1913 (Buenos Aires: Imprenta "De Su Confianza", 1913).

<sup>20</sup>Diputados, Diario, 1911, II, 820-821; and 1913, II, 604-605.

Sixty-two years old and the victim of a fatal disease, Sáenz Peña was forced to delegate his powers to his Vice President in October 1913. For three years, the Sáenz Peña administration had lent a measure of support to the state industry by translating the Petroleum Commission's requests into decrees and legislative proposals. But it cannot be said that he and his advisors were committed as a matter of long-range policy to direct state exploitation. Such activity was viewed as an experiment to help decide upon the best method of handling the nation's vital fuel source.

Sáenz Peña's Vice President and successor was Victorino de la Plaza, a native of Salta and a cultured and experienced public servant in the oligarchic tradition. Holding to the tenets of laissez-faire economics more rigidly than Figueroa Alcorta or Sáenz Peña, De la Plaza favored handing over the federal reserve to private investors. On July 16, 1914, he and his Minister of Agriculture, Horacio Calderón, sent Congress a bill authorizing the Executive Power to sign contracts with private firms empowering them to administer and exploit the area heretofore reserved exclusively for the State.<sup>21</sup>

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<sup>21</sup>Senadores, Diario, 1914, 145-147. There can be no doubt that responsibility for the bill lay with De la Plaza and Calderón, because the Petroleum Commission had recommended continued state exploitation in the Comodoro Rivadavia reserve. D. G. de Explotación, Memoria, 1912/1913, 77-80. De la Plaza's Anglophile sympathies were no secret,

The message accompanying the bill was phrased in the language of 19th century economics. It pointed out the State's lack of capital, technicians, and experience with the petroleum industry, and, in general, called into question "the State's aptitude for commercial activity of the type, extension, and autonomy necessary for performing efficiently in the marketplace."<sup>22</sup> It was De la Plaza's opinion that exploitation should be entrusted to private initiative with the government playing its traditional role as an observer safeguarding the public interest.

When World War I cut off the influx of foreign capital upon which the Executive's 1914 bill depended, De la Plaza and Calderón reversed their position and, in June 1916, initiated legislation intended to strengthen state exploitation.<sup>23</sup> This bill sought to provide a firm legal basis for the government sector of the industry and to authorize an investment of 16,000,000 \$m/n in the expansion of its activities. The administration now chose to support direct state exploitation because, as the accompanying message

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and it is possible English oil interests encouraged him in his plan for opening the reserve to private investment. There is no evidence, however, of undue pressure having been applied or of collusion between De la Plaza and English investors.

<sup>22</sup>Senadores, Diario, 1914, 145.

<sup>23</sup>Diputados, Diario, 1916, I, 376-378.



stated,

the present circumstances demand the setting aside of doctrinary beliefs and theoretical preconceptions which, despite their undeniable worth, do not provide the basis for satisfying the nation's pressing economic and industrial needs.<sup>24</sup>

De la Plaza was, in all probability, referring to the fuel shortage caused by the war. Coal imports, which were more than 90% English in origin before the war, had declined from 3,421,526 tons in 1914 to 1,884,781 tons by 1916.<sup>25</sup>

De la Plaza's concern over the fuel crisis was evidenced in a second bill submitted to Congress in June 1916.<sup>26</sup> Refusing to give up the possibility of attracting private investment, he proposed a complete reform of the process for granting petroleum exploration and exploitation rights. It was an apparent attempt to clarify the rights and duties of private capital and thereby create a stable atmosphere conducive to investment. Both of the Executive's 1916 bills died in Congress, however, without ever being debated. At this late juncture, the Chamber's Special Committee on Petroleum Legislation preferred to await the initiatives of the incoming Radical administration before sending any

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<sup>24</sup>Ibid., 377.

<sup>25</sup>D. G. de Estadística, Anuario, 1914, 347; Anuario, 1916, 342.

<sup>26</sup>Diputados, Diario, 1916, I, 378-383.



bill to the Chamber floor.<sup>27</sup>

Despite these failures, the De la Plaza administration did supply some practical support for expanding the system of state exploitation. Through a Ministerial Accord of October 30, 1914, it authorized the Petroleum Commission to sell crude petroleum and its by-products in the public market and to invest the profits in future exploitation.<sup>28</sup> It was tantamount to declaring that the government enterprise was now established, and that commercialization of its product was to begin. The authorization to reinvest profits was of utmost importance, since it provided the Commission with an independent source of revenue.<sup>29</sup> In fact, profits would become the only source of funds after 1916 when Congress terminated the practice of making annual budget allocations for petroleum development. It is understandable why General Enrique Mosconi, head of the state industry during the 1920's and a legendary figure in the history of

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<sup>27</sup>Ibid., 1916-17, V, 4932, 4952.

<sup>28</sup>YPF, Recopilación, I, 31-32.

<sup>29</sup>Since both production and sales were still low, this authorization did not mean the immediate injection of large amounts of capital into state exploitation. At the same time, however, income from the sales of crude petroleum between 1914 and 1916 totaled 6,027,400 \$m/n, while during those same years the Petroleum Commission received only 3,500,000 \$m/n in government financing. YPF, Desarrollo de la industria petrolífera fiscal, 1907-1932 (Buenos Aires: Jacobo Peuser, 1932), 78, 389.

Argentine petroleum, once described this Accord as the true beginning of state exploitation.<sup>30</sup>

As we have seen, none of the Executive's legislative proposals from 1910 to 1916 won Congressional sanction. It was not a case of Congress displaying any favoritism. During these years, apart from the yearly budget appropriations,<sup>31</sup> the only bill related to petroleum which received approval was a 1915 enactment extending for an additional five years the time limit imposed on the federal reserve by Law 7,059.<sup>32</sup> Such meager results were obviously not due to a paucity of proposals. Many public figures realized that the 1886 Mining Code was ill-equipped to handle the problems presented by the petroleum industry. President De la Plaza himself had referred to the dilemma when submitting his

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<sup>30</sup>Enrique Mosconi, El petróleo argentino, 1922-1930, y la ruptura de los trusts petrolíferos inglés y norteamericano el 1º de agosto de 1929 (Buenos Aires: Ferrari Hnos., 1936), 32.

<sup>31</sup>YPF, Desarrollo de la industria, 78. In 1912, the allotment was 1,000,000 \$m/n, in 1913 it was 1,500,000, 1,500,000 in 1914, 1,000,000 in 1915, and 1,000,000 in 1916. These sums combined with the 500,000 \$m/n appropriated through Law 7,059 and a total of 2,155,240.90 \$m/n appropriated through Ministerial Accords in 1915 for the purchase of two petroleum tankers, add up to 8,655.240.90 \$m/n invested by the national government in petroleum exploitation through 1916.

<sup>32</sup>Law, 9,664. See YPF, Recopilación, I, 48.

1916 bill on the regulation of petroleum concessions:

Our Mining Code did not take petroleum into account when it was sanctioned, and, therefore, the Code's provisions on exploration and exploitation of substances in the first category, among which are included mineral oils, are not applicable to the latter without grave danger for the general economy.<sup>33</sup>

The various proposals which entered Congress reveal two common characteristics: first, the tendency of all but one of the bills to grant the State some degree of direct participation in petroleum exploitation; and second, a limited geographical scope. In terms of the first characteristic, the bills can be arranged along a continuum according to the degree of state activity advocated. At one extreme was the De la Plaza proposal for terminating state exploitation and handing over the Comodoro Rivadavia reserve to private enterprise. It was the only bill during this period which proposed an outright halt to state industrial activity.<sup>34</sup>

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<sup>33</sup>Diputados, Diario, 1916, I, 378.

<sup>34</sup>De la Plaza later referred to this bill as one designed to create "mixed companies". (Diputados, Diario, 1916, I, 376-377.) However, his message introducing the bill clearly indicates that the role he envisioned for the State was not that of a partner to private capital but that of a watchdog. The bill itself is of no help in clarifying this point since it did not describe the contracts to be signed with prospective investors.



State involvement in its most limited form, mixed companies, was proposed in bills authored by Deputies Adrián C. Escobar (1913)<sup>35</sup> and Alfredo Demarchi (1914).<sup>36</sup> Their concept of a mixed company was that of a partnership between state and private capital. Their specific formulas varied, but generally the State was to contribute the land of the federal reserve along with existing installations and all geological and scientific studies of the region at its disposal. The private investors were to supply the capital and technical expertise while a directorate composed of representatives of both groups controlled operations. In each case, the State was granted the right to appoint a majority of the directors.

In 1914, Deputies Nicolás Repetto<sup>37</sup> and Tomás de Veyga<sup>38</sup> introduced bills calling for more substantial state participation in the petroleum industry. These legislators advocated concurrent but separate exploitation by the State and

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<sup>35</sup>Diputados, Diario, 1913, II, 1034-1038. Escobar was a member of the Conservative Party representing Buenos Aires Province.

<sup>36</sup>Ibid., 1914, I, 777-780. Demarchi was a member of the Radical Party representing the Federal Capital.

<sup>37</sup>Ibid., 1914, III, 681-688. Repetto was a Socialist representing the Federal Capital.

<sup>38</sup>Ibid., 1914, IV, 41-48. De Veyga was a member of the Radical Party representing the Federal Capital.



private companies. The former would operate within the 5,000-hectare reserve, and the latter could take advantage of lands outside that zone.<sup>39</sup> Finally, at the other extreme of the continuum, in 1916 Deputy Carlos F. Melo introduced a bill which provided for a complete state monopoly over all oil exploitation in Argentina.<sup>40</sup>

The fact that the government industry was already operative in Comodoro Rivadavia probably influenced the preference shown for state activity. The deciding factor, however, was the concern, shown in nearly all the bills, over the need to protect Argentina's oil resources from monopolization by the world oil trusts.<sup>41</sup> Essentially, the argument

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<sup>39</sup>Repetto's proposal referred specifically to the land outside the 5,000-hectare reserve but within the boundaries described by the May 9, 1913 Executive Decree. De Veyga's bill itself referred only to the federal reserve, but his introductory remarks show that he intended the remaining lands for private exploitation. De Veyga's bill actually called for domestic private capital to cooperate with the State within the reserve. In the event such funds were not forthcoming, the State was to proceed alone. Had the bill been passed, it is probable that domestic capital would not have rushed into this venture, and the State would have continued as before in Comodoro Rivadavia. Therefore, this proposal has been included here and not with those calling for mixed companies.

<sup>40</sup>Diputados, Diario, 1916, II, 1032-1033. Melo was a Member of the Radical Party representing the Federal Capital.

<sup>41</sup>Deputy Melo showed no particular concern for this problem when introducing his bill. He was less interested in petroleum than in financial reform. His comments upon submitting his bill indicate that the revenue from a state petroleum monopoly was to be one of the keys in his planned

as set forth in these proposals began with the assumption that Argentina possessed vast petroleum deposits which, if properly safeguarded, would become the basis for industrialization and eventually economic emancipation. If, however, the trusts were allowed a free hand, they would extract the fuel at their own convenience, set prices as their greed dictated, and remit the profits to foreign stockholders. Though the case was seldom recited in such a cut-and-dried manner, examples of this kind of thinking are clear and frequent. Deputy De Veyga voiced the common apprehension regarding the trusts when he claimed to have designed his bill to ensure that

the large capital investments that have to be made and the immense profits which must be earned would strengthen the country, placing it on the road toward economic independence, and could not be an incentive to the greed of the trusts,....<sup>42</sup>

It may seem strange that the trusts were so feared in a country which had had no practical experience with Standard or Royal Dutch Shell or Anglo-Persian, but Argentines knew the names and the reputations which went with them, and they were taking no chances. Risks could not be afforded with the fuel supply which might reorient the economic future of the

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reoganization.

<sup>42</sup>Diputaods, Diario, 1914, IV, 43.

nation. Thus, the legislative history of the 1910-1916 period shows a clear tendency toward some sort of state participation in exploitation along with a willingness to permit private investment so long as trusts were excluded.

Earlier it was noted that the bills under discussion were limited in their geographical scope. Only the Melo bill in 1916 approached the petroleum issue as a national one. Among the other bills, Repetto's alone referred to any area beyond the 5,000-hectare federal reserve, and Repetto stayed within the borders set by the May 9, 1913 Executive Decree. A glance at the timing of the bills helps to explain not only their limited scope but their *raison d'être*. The five-year limit imposed on the reserve by Law 7,059 was due to expire in 1915. Four of the bills entered Congress the preceding year (Demarchi, De Veyga, Repetto, and De la Plaza), and a fifth appeared in 1913 (Escobar). It is probable, therefore, that the measures were motivated at least in part by the desire to clarify the future of the reserve before the time limit lapsed. If this was true, it also helps explain why Congress did not act on the bills, for Law 9,664, passed in 1915, removed the source of discontent by guaranteeing the reserve's existence for another five years. Whatever the reason, it seems that the Executive's penchant for acting in a practical, pragmatic manner was shared by Congress. Despite the fear of the trusts, the



petroleum problem was not being treated as a national one deserving high priority and a comprehensive solution.

Rather the trend was toward patchwork proposals designed to resolve immediate circumstances.

While Congress dragged its feet on petroleum legislation, there were signs by 1916 of growing interest in the public-at-large. For a time after the 1907 discovery, state exploitation was conducted in an atmosphere of general public ignorance of the petroleum industry and doubt as to the value of the Comodoro Rivadavia deposits. Even the few who supported state exploitation posed a problem because of their impatience for tangible success. As a result, the Petroleum Commission felt obliged to extract petroleum instead of applying its meager funds to vitally needed exploration in the hope that production would convince the doubters and satisfy the impatient.<sup>43</sup> Enrique Hermitte, who was connected with state exploitation throughout this period, dates a change in public attitude from the early months of 1915. He explained the shift by the fact that the European war promised to be a long one, and the price of coal had begun to rise. Now the great demand for national

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<sup>43</sup>For comments on this topic see D. G. de Explotación, Memoria, 1912/1913, 69-70; also Informe de la dirección general a S.E. el señor ministro de agricultura de la nación, febrero de 1916 (Buenos Aires: Imprenta de Gmo. Kraft, 1916), 10; Hermitte, Estado de la cuestión petróleo, 5-6.



fuel arose, bringing in its wake mounting criticism of the Petroleum Commission when that body was unable to meet the sudden demands placed upon it.<sup>44</sup>

Hermitte's views as to the reasons for, and the timing of, the change in public opinion are confirmed by petitions to Congress, university studies, and the writings of publicists. Once late during its 1914 sessions and three times during its 1916 ordinary meetings, the Chamber of Deputies received formal petitions requesting petroleum legislation.<sup>45</sup> In the academic world, petroleum exploitation, particularly that in Comodoro Rivadavia, was the topic of a seminar directed by Dr. Ricardo Davel in the Faculty of Economic Sciences of the University of Buenos Aires in 1916.<sup>46</sup> Among the publicists, two names stand out, Ricardo Oneto and Enrique Hermitte. Oneto was a journalist

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<sup>44</sup>Hermitte, Estado de la cuestión petróleo, 20.

<sup>45</sup>Diputados, Diario, 1914, III, 899, from "La Asociación latinoamericana"; Ibid., 1916, I, 605, from more than 80 residents of Comodoro Rivadavia; Ibid., 1916, II, 1342, from the "Comité Radical de la circunscripción 13a de la Capital Federal"; Ibid., 1916, III, 2476, from 1000 citizens of La Plata, B.A. Prov.

<sup>46</sup>Two of the theses which resulted from this seminar and which will be referred to later are Carlos Argüero's Petróleos argentinos (Buenos Aires: N.p., 1916), and José Méndez's El petróleo en la república argentina (Buenos Aires: N.p., 1916).

who became known as the "Centinela" of Argentine petroleum for the campaign he began in 1915 and pursued over 25 years to defend the nation's interests in its oil resources.<sup>47</sup>

Hermitte, as we have seen, was chief of the National Bureau of Mines throughout this period as well as a member of the Petroleum Commission from its inception in 1910.<sup>48</sup>

As of 1916, the petroleum issue had not yet been politicized to the point where organized groups took up the banner on one side or the other. Nonetheless, among the scattered sources cited above, there is evidence of the same consensus in behalf of state participation in petroleum development already noted in Congressional bills. Of the four petitions to the Chamber, the one submitted in 1914 supported the state industry in Comodoro Rivadavia, and the remaining three were specific requests that Deputy De Veyga's bill be sanctioned.<sup>49</sup> Out of Dr. Davel's 1916

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<sup>47</sup>For the best summary of Oneto's views up to 1916, see his El centinela, una campaña de veinticinco años en defensa del petróleo argentino y de yacimientos petrolíferos fiscales, 1915-1941 (Buenos Aires: Editorial "El Ateneo", 1941), 64-145.

<sup>48</sup>A good summary of Hermitte's position may be found in his Estado de la cuestión petróleo, 5-33.

<sup>49</sup>The fact that three of the four petitions supported the same bill suggests some sort of organized movement, but I have no evidence beyond this one fact. The petitions could have been a result of the propaganda campaign carried on by Ricardo Oneto who favored the De Veyga proposal.

seminar came two theses which recommended the mixed-company formula to protect the nation's interests and avoid prejudicial action by the trusts.<sup>50</sup>

Oneto was the most prolific propagandist favoring state exploitation. In newspaper articles and pamphlets he urged upon his readers the economic significance of having a domestic petroleum supply, both for the savings it represented as a substitute for imported coal and as the basis for industrial development. Oneto maintained that the foreign trusts were the immediate threat to be countered, and that the best solution was state exploitation in the federal reserve in accordance with the De Veyga proposal.<sup>51</sup> Hermitte, likewise, promoted state exploitation within the reserve zone and private activity without. Before the First National Congress on Engineering in 1916, he argued that state exploitation would yield financial profits as well as a direct role in solving questions related to the utilization of oil produced, the creation of reserves, and the avoidance of monopolies.<sup>52</sup>

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<sup>50</sup>Argüero, Petróleos argentinos, 63-66b; Méndez, El petróleo, 113-123.

<sup>51</sup>Oneto, Centinela, 64-145. Oneto's connection with the De Veyga bill was a close one. De Veyga cited Oneto as the source of the ideas it contained. Ibid., 56.

<sup>52</sup>Hermitte, Estado de la cuestión petróleo, 15-26.



While the Argentine Congress and public opinion thus began to show an awareness of the problems and possibilities presented by petroleum development, the state industry was trudging along at an agonizingly slow pace. Statistics show a substantial increase in crude oil production, from 3,293 m<sup>3</sup> in 1910 to 129,890 m<sup>3</sup> in 1916.<sup>53</sup> Still, the latter figure represented only about 5% of the amount estimated as necessary to dispense with imported coal.<sup>54</sup> Obviously, this often cited goal was far from fulfillment.

Meager though the results seem to be, they are not inexplicable. The problems facing the Petroleum Commission when it took over in April 1911 were sufficient to try the expertise of a well-financed and experienced firm, let alone that of an honorary commission with 500,000 \$m/n at its disposal. Every phase of the industry had to be organized, outfitted, and manned; exploration, extraction, storage, transportation, distribution, and even the provision of drinking water. To further complicate the task, the Commission had to work under less than ideal conditions; an uncertain Executive policy, little or no Congressional support, and a cloud of public doubt and mistrust. Above

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<sup>53</sup>BIP, No. 9 (April 1925), 755.

<sup>54</sup>D. G. de Explotación, Informe, febrero de 1916, 9.



all, however, was the lack of money. Time and again the Commission's pleas for funds fell on deaf ears in the Congress. As the Commission's President explained in 1916, if the State wants results from the work in Comodoro Rivadavia,

it should endow the exploitation work with the resources necessary to develop it in accord with the needs of the country and the value of the deposit....

We do not hesitate in stating that if any of our requests had been fully satisfied, production would be two or three times greater than it now is.<sup>55</sup>

Scant allotments forced the Commission to delay acquisitions and prevented commercially significant production until 1914.<sup>56</sup>

Even the European war which created an interest in and a need for national fuels raised difficulties for the state agency. The arrival of machinery on order from Europe was delayed, and prices on materials from that part of the world generally rose. More importantly, the war forced up freight rates and seriously impeded the purchase of

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<sup>55</sup>Ibid., 8-9.

<sup>56</sup>Ibid., 11-12; also Memoria, 1912/1913, 55-56.

petroleum tankers.<sup>57</sup>

Despite the unimpressive record of the state industry, the picture should not be regarded as completely negative. That the firm survived this initial period with the difficulties it faced was an accomplishment in itself. By February 1916, there were 21 actively producing wells in the reserve zone and a dozen more being drilled. Storage facilities had been installed in the fields and in Buenos Aires. Two tankers, one rented and the other on loan from the Naval Ministry, supplied transport while two ships were on order from United States firms. State-produced petroleum was being used by the Naval Ministry and other government agencies, by the Municipality of Buenos Aires, and by several private concerns.<sup>58</sup> In short, the Petroleum Commission had proven that exploitation in Comodoro Rivadavia was a feasible and potentially profitable undertaking given proper guidance and capital investment.

Whatever the record of state operations, it did not suffer in comparison to that of the private sector. After the 1907 discovery, there was no private petroleum production until 1916 when two companies in the Comodoro Rivadavia

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<sup>57</sup>D. G. de Explotación, Informe, febrero de 1916, 12-13.

<sup>58</sup>Ibid., 3-5; and YPF, Desarrollo de la industria, 383-388.

region managed a total output of 7,771 m<sup>3</sup>.<sup>59</sup> Some observers then and later attributed this fact to speculation by private interests, and there is some truth to this proposition.<sup>60</sup> However, there are other factors which were influential in determining the attitude of prospective investors, factors which suggest why speculation may have been a more attractive venture than industrial activity itself.

The traditional reticence of domestic capital toward mining activity has been mentioned. One commentator has pointed to the lack of public confidence in the importance of the deposits and perhaps in the quality of the petroleum as the key consideration.<sup>61</sup> It would seem, however, that the uncertain legal climate was the essential deterrent to private investment. Capital in the amounts demanded by the petroleum industry requires a stable atmosphere wherein the investor's rights and duties are clearly understood, and the chances of profit outweigh the risks involved. Such conditions were absent in Argentina at that time. Existing legislation was unsuitable, and there was no certainty about

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<sup>59</sup>BIP, Dec. 1936, 19-20.

<sup>60</sup>For a strong statement of this thesis, see Marcos Kaplan's Economía y política del petróleo argentino, 1939-1956 (Buenos Aires: Praxis, 1957), 17-18.

<sup>61</sup>Carlos Velarde, "El fomento de la explotación del yacimiento petrolífero de Comodoro Rivadavia," La Ingeniería, No. 388 (July 1914), 226.



the direction reform would take. State exploitation was proceeding without an exact statement of its aims. Private investors did not know, for instance, whether state production was intended principally for supplying the State's needs, or whether the State would enter the market in active competition with private producers. Pleas for legislation to correct this situation and encourage private investment emanated from several informed sources, including the Petroleum Commission, but they met with no response.<sup>62</sup> Under these circumstances, private capital could hardly have considered the Argentine petroleum industry a worthwhile risk.

When Hipólito Yrigoyen entered the Casa Rosada at the head of the triumphant Radical procession in 1916, his administration encountered a petroleum question similar in many respects to that which faced the Figueroa Alcorta administration in December 1907. Comodoro Rivadavia was still the only site where petroleum had been brought to the surface by drilling. Nine years of experimentation and patchwork policy-making had left unsolved the essential question as to who was to exploit the deposits and under what conditions. Clearly, the new government was free to implement whatever formula it desired. Only the budding national

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<sup>62</sup>D. G. de Explotacion, Memoria, 1912/1913, 4; also Informe, febrero de 1916, 15; Velarde, "El fomento de la explotacion," 226-228; Hermitte, Estado de la cuestion petroleo, 16-17, 23-31; Mendez, El petroleo, 112-130.



consensus on state participation imposed limits on the Radical's freedom of choice. Even here, there was considerable latitude, since there was no agreement on exactly how the State should intervene. A complete state withdrawal, leaving the industry to private capital under existing legislation, was the sole avenue apparently closed on October 12, 1916. If the Radicals intended new directions for Argentine economic development, petroleum policy was one area for relatively unrestricted action.

## C H A P T E R I I

### YRIGOYEN I: A GOVERNMENT WITHOUT A POLICY

Argentina's 1916 presidential election was unique in the nation's post-1880 political experience. Thirty-six years of conservative incumbency in both the national and provincial governments had turned the election of a President into a perfunctory affair which served to legitimize the elite's monopoly over choosing Chief Executives. In 1916, matters were different for two related reasons. First, it was the first presidential election conducted under the 1912 electoral reform law (Law 8871); and secondly, because the provisions of that enactment largely fulfilled the long-standing demand of the Unión Cívica Radical (UCR) for guarantees against electoral fraud, that party nominated candidates for President and Vice President and, for the first time, went to the polls in their behalf. On April 2, 1916, the Radicals successfully contested the oligarchy's stranglehold over the presidency, and on October 12, they triumphantly escorted their caudillo, the inscrutable Hipólito Yrigoyen, into the Casa Rosada.

Few if any Argentines knew what to expect from the new administration. Past declarations from the party were of no

help, since the only objectives ever referred to were suffrage reform and some vague utterances about fulfilling the 1853 Constitution. The party's electoral platform in 1916 typified the lack of clarity with which the UCR spelled out its intentions. Despite demands from within the party, and from the opposition press, for concrete proposals,<sup>1</sup> the national nominating convention approved a simple reaffirmation of party principles and declared the Radical's intent to govern "according to the high purposes of the Constitution justly implemented in its spirit and letter,..."<sup>2</sup>

Petroleum policy was characterized by the same lack of definition which made the Radical Party's program a subject of speculation. On this issue, three years of UCR control would prove that the enigma of October 1916 stemmed from the absence of a coherent, long-range policy on the part of the new administration. Though confronted with both the need and the opportunity to formulate new legislation and revitalize the existing state enterprise, Yrigoyen did not clarify his government's policy until September 1919 when

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<sup>1</sup>For comment from the opposition press, see La Prensa, March 29, 1916, p. 7; La Vanguardia, February 4, 1916, p. 1, March 28, 1916, p. 4, March 29, 1916, p. 4. For dissent within the party, see Isaiás R. Amado, "Contribución para la redacción de un programa de partido," Revista Argentina de Ciencias Políticas, XII (1916), 91-110.

<sup>2</sup>La Prensa, March 22, 1916, p. 12.

he presented two bills to Congress. Meanwhile, three precious years slipped by without progress in either of these critical areas.

Prior to 1916, the Radical record on petroleum was an inconsistent one. Three UCR Deputies submitted petroleum bills before Yrigoyen's election, and each put forth a different framework for exploitation. Alfredo Demarchi supported mixed companies in his 1914 bill. Tomás de Veyga focused on eliminating foreign capital in 1914, and Carlos F. Melo, in 1916 opted for federalization of all oil deposits and a state monopoly over their exploitation.<sup>3</sup>

While there was an obvious lack of agreement here, these bills indicated that at least some Radicals were concerned about the need for petroleum legislation. This fact was emphasized by a draft proposal for a party program presented to the 1916 Radical nominating convention as a minority report from the Platform Committee. Section VI of the draft called for numerous legislative changes, including reform of the Mining Code and, particularly, special legislation on petroleum exploitation.<sup>4</sup>

The road was open for Yrigoyen to introduce whatever policies he favored concerning either legislation or the state oil company. The Chamber's special committee assigned

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<sup>3</sup>See Chapter I, 22-23.

<sup>4</sup>Amado, "Contribucion," 104.



to study petroleum legislation postponed making a recommendation during the 1916 sessions, preferring to await the president-elect's initiatives. The members of the Petroleum Commission likewise sought to facilitate the new government's activity by tendering their resignations shortly after Yrigoyen's inauguration.<sup>5</sup> The fact that the Radicals controlled neither house of Congress until they gained a majority in the Chamber in 1918 was a problem to be reckoned with, but it in no way prevented Yrigoyen from making his plans public. If the administration was going to run into Congressional opposition, that could be faced after placing concrete proposals in the legislators' hands.

Given the opportunity to adopt new policies, it was imperative that Yrigoyen and his advisors do so immediately, because a growing fuel scarcity arising out of WW I was taking its toll in Argentina. During the early years of the war, a severe decline in coal imports from England was partially compensated for by increased imports of coal, crude oil and petroleum by-products from the United States. When the U.S. also became embroiled in the European conflict and, like England, sharply reduced fuel exports, the fuel supply problem reached crisis proportions.<sup>6</sup> The

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<sup>5</sup>La Prensa, October 20, 1916, p. 11.

<sup>6</sup>Argentina imported over four million tons of coal in 1913, and in 1917 only 707,700 tons. (Ernesto Tornquist &

price of coal shot up at an alarming rate, and eventually it became unavailable at almost any price. By winter's end in 1917, coal commanded 90 \$m/n a ton, or five times as much as before the war.<sup>7</sup>

Nearly every phase of national life was affected by the fuel shortage. Home owners, industries and public service enterprises, railroads and farmers and cattlemen whose produce traveled to market by rail, and the Naval squadron were among the sectors hardest hit.<sup>8</sup> The Buenos Aires press constantly referred to the "fuel crisis", and President Yrigoyen, in his message opening the 1917 Congressional sessions, assured the nation that the fuel supply was a primary government concern, and that everything possible was being done to find domestic sources of coal and wood.<sup>9</sup>

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Cía., Business Conditions in the Argentine, Report 143 (December 30, 1918), 23.) Similar declines were recorded with respect to other fuels, as coke imports descended from 21,317,500 kilos in 1913 to 3,903,900 kilos in 1917. (Ibid.) Finally, crude oil imports slid from 120,700 m<sup>3</sup> in 1916 to 10,800 m<sup>3</sup> in 1918. La Prensa, October 15, 1969, p. 7 (Centennial supplement).

<sup>7</sup>La Epoca, August 8, 1917, p. 1.

<sup>8</sup>United States, Department of State, Records Relating to the Internal Affairs of Argentina, 1910-1929 (hereinafter cited RRIAA), National Archives Microcopy 514, Dearing to Johnson, October 5, 1918, 835.50/10, enclosure.

<sup>9</sup>Hipólito Yrigoyen, Pueblo y gobierno, 2<sup>nd</sup> ed. (Buenos Aires: Editorial Raigal, 1956), IV, 114.

Comodoro Rivadavia's allegedly vast petroleum wealth would have been the best alternative to imported coal, but production was simply insufficient to cover a significant share of the national fuel needs. So heavy did the demand for domestic petroleum become, that the Petroleum Commission, in October 1917, informed its private customers that they would have to find new suppliers because the state enterprise felt compelled to concentrate on provisioning government agencies and public service firms.<sup>10</sup> Despite La Razón's biting comment that this resembled "a doctor who advises his patients to employ the services of a quack,"<sup>11</sup> the unavoidable fact was that the domestic petroleum industry was unequal to the task of replacing foreign fuels.

While some consumers sought relief through the use of vegetable fuels like corn and wheat bran,<sup>12</sup> the most frequently suggested alternatives were domestic coal and wood. Unfortunately, there were disadvantages with both which limited their effectiveness in providing a solution to the fuel crisis. In the case of coal, the problem was one of locating deposits that could be exploited economically. Efforts by the Naval and Public Works Ministries to unearth

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<sup>10</sup>La Razón, October 18, 1917, p. 3.

<sup>11</sup>Ibid.

<sup>12</sup>RRIAA, Dearing to Johnson, October 5, 1918, 835.50/10, enclosure, 3.



coal in the National Territory of Neuquén and along the Atlantic coast near Puerto Deseado and San Julián all ended in failure.<sup>13</sup>

As for wood, the drawback was one of accessibility. Most of the nation's forests were located far from the fuel consuming centers, and the railroads lacked a sufficient number of cars to transport the wood.<sup>14</sup> Clearly, the only hope for successful import substitution lay with expanding petroleum production. Even if this proved impossible during the war, the urgency of the task would not disappear with peace. As long as Argentina remained dependent upon foreign fuels, she would be inviting another fuel crisis.

The Yrigoyen administration, early in its career, gave indications that it planned to institute remedial measures in the petroleum field. Honorio Pueyrredón, a distinguished lawyer, law professor, and long-time Yrigoyen supporter, was the President's choice for Minister of Agriculture and therefore responsible for petroleum matters. In an interview with La Prensa the day after Yrigoyen's inauguration, Pueyrredón stated that he considered petroleum exploitation a question of vital importance and disclosed that he had

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<sup>13</sup>La Epoca, October 24, 1917, p. 1.

<sup>14</sup>La Prensa, November 24, 1917, p. 8; August 2, 1917, p. 6.

just completed a two-month study of the matter. On the basis of his investigations, Pueyrredón had formulated a legislative proposal, but he refused to reveal its content until he discussed it with the President.<sup>15</sup>

Yrigoyen reinforced the impression that petroleum policy was a top priority issue for his government. In December 1916, when Congress began meeting in Extraordinary Sessions, he submitted a bill authorizing the administration to issue up to 100,000,000 \$m/n worth of government bonds to cover: 1) the creation of a national agricultural bank, 2) the creation of a national merchant marine, 3) petroleum exploitation in Comodoro Rivadavia.<sup>16</sup> Although no message accompanied the bill to explain the administration's objectives or even the specific amounts destined for each of the three areas, Pueyrredón later informed the Chamber that the government would continue exploiting the federal reserve

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<sup>15</sup>La Prensa, October 13, 1916, p. 12. After assuming charge of his new duties, Pueyrredón pursued his study, canvassing the opinions of informed parties connected with both the private and public sectors of the petroleum industry. Among others, he spoke with the Naval Minister, Vice Admiral Sáenz Valiente, the secretary of the Petroleum Commission, Dr. Ramón Videla, Socialist Deputy Nicolás Repetto, and two legal representatives of private firms, Dr. Manuel Augusto Montes de Oca of Mexical Oil and Dr. Santiago O'Farrell of Standard Oil. (La Epoca, January 23, 1917, p. 1; La Prensa, October 20, 1916, p. 11; Nicolás Repetto, Mi paso por la política, de Roca a Yrigoyen (Buenos Aires: Santiago Rueda Editor, 1956), 270-271; Arturo Frodizi, Petróleo y política, Vol. XI of Pueblo y gobierno, 91.)

<sup>16</sup>Diputados, Diario, 1916, IV, 2791.

on its own, and that the requested funds would be used primarily for extending exploration.<sup>17</sup> The Radical Minister further promised the legislators that the Executive Branch would present to Congress a comprehensive bill on petroleum exploration and exploitation during that body's 1917 meetings.<sup>18</sup>

Yrigoyen repeated Pueyrredón's promise of forthcoming legislation in his message opening Congress on May 11, 1917, and, at the same time, made revealing comments on the subject of petroleum. Dwelling upon the relationship between oil and Argentine industrial growth, he sketched out the role he envisioned for the nation's petroleum resources:

[The Executive Power] believes that [Argentine oil] must be utilized for the development of national industries, but rejects the notion of accelerating production for the purpose of exportation. This wealth is more useful to the country as fuel than transformed into foreign exchange.<sup>19</sup>

Without clarifying who would be responsible for exploration and exploitation, Yrigoyen thus made it clear that the petroleum itself was destined for use within the nation and not for export. On the subject of legislation governing

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<sup>17</sup>Ibid., 1916-1917, V, 4962-4963. The Chamber career of this bill is described later in this chapter.

<sup>18</sup>Ibid., 4960.

<sup>19</sup>Pueblo y gobierno, IV, 114.



exploitation, the President went on to state that he would soon be seeking Congressional approval for a measure

destined to promote industry in all regions of the country where evidence of oil deposits has been discovered, and guaranteeing, at the same time, the exploitation and preservation of this great wealth.<sup>20</sup>

Despite this initial burst of verbal enthusiasm, the Radical administration failed to support its words with deeds. The bill Pueyrredón had prepared in October 1916 was rejected by Yrigoyen, because it proposed exploitation by mixed companies, a concept unacceptable to the President.<sup>21</sup> While refusing his Minister's counsel, however, Yrigoyen did not offer any general petroleum proposal of his own until the last days of the 1919 Congressional period. Neither, as we shall see, were any effective steps taken to increase production in Comodoro Rivadavia.

With the exception of the money bill submitted to Congress in December 1916, the only overt evidence of executive concern for petroleum matters prior to September 1919 consisted of a presidential tour of the Comodoro Rivadavia installations on May 18 and 19, 1918. La Epoca, the

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<sup>20</sup>Ibid., 115.

<sup>21</sup>Fronidizi, Petróleo y política, 91. I know of no published version of the Pueyrredón bill. Fronidizi's is the only reference I have found to the bill's content, and Fronidizi cites no source.

semi-official UCR paper, reported that since his inauguration, President Yrigoyen had been anxious to undertake a personal fact-finding excursion as a preliminary step to drafting a program for expanding exploitation.<sup>22</sup>

Published reports on the trip glowed with optimism about the future of Argentine petroleum. According to La Epoca, Yrigoyen was convinced that the petroleum wealth of the South was destined to transform the nation's industry, provide work for thousands of men, and supply the government with incalculable resources,

if the government takes the necessary steps and provides the resources which are indispensable to taking advantage of the veritable fortune that nature lavishly offers to the efforts of the nation.<sup>23</sup>

As a result of the President's visit, La Epoca assured its readers, the necessary measures would be taken to produce a "radical transformation" in state exploitation.<sup>24</sup>

No such transformation materialized, and it is doubtful that Yrigoyen's trip was designed to produce one. More likely, the venture was intended to dramatize the administration's concern for petroleum development and to impress upon the public that new policies were under study. By so

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<sup>22</sup>La Epoca, May 16, 1918, p. 1.

<sup>23</sup>Ibid., May 21, 1918, p. 1.

<sup>24</sup>Ibid., May 22, 1918, p. 1.

doing, the government probably hoped to take some of the sting out of the criticism leveled at it for failing to formulate a constructive petroleum policy.

The most persistent critic of the Radical administration was the influential Buenos Aires morning paper, La Prensa. Even before Yrigoyen took up residence in the Casa Rosada, La Prensa had been an ardent advocate of domestic petroleum development as the key to national industrial growth and eventual economic independence.<sup>25</sup> Insofar as the framework for exploitation was concerned, the paper was on record as an opponent of a state monopoly and as a partisan of state exploitation within the federal reserve combined with private work in all other areas.<sup>26</sup>

During the first year of Yrigoyen's presidency, La Prensa constantly badgered the government to act on the question of petroleum exploitation, to clarify

its thinking on this matter and eliminate once and for all the indecisiveness and vacillating standards which until now have dominated this issue....<sup>27</sup>

The most interesting aspect of La Prensa's campaign was the position taken on private capital. While calling for legislation sufficiently liberal to attract private

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<sup>25</sup>La Prensa, June 5, 1916, p. 5; June 16, 1916, p. 6.

<sup>26</sup>Ibid., September 21, 1916, p. 6; June 16, 1916, p. 6.

<sup>27</sup>Ibid., November 27, 1916, p. 9.



investment, La Prensa emphasized that the capital should be Argentine and not foreign. Though believing that Argentina should try to lure foreign capital and technology to stimulate industrial development, La Prensa cautioned against such a policy with respect to petroleum because of "the nature of the business" with its unique "financial organization."<sup>28</sup> In short, La Prensa was anxious to avoid the consequences of intervention by the foreign oil trusts.<sup>29</sup>

As one year of government inaction stretched into two and then nearly three, La Prensa continued to protest, hoping that petroleum exploitation

would cease being a matter of routine, and be included in the forefront of those activities whose development must be supported by the State.<sup>30</sup>

No amount of printer's ink, however, was able to shake the administration out of its lethargy.

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<sup>28</sup>Ibid., November 27, 1916, p. 9.

<sup>29</sup>Oneto, the publicist and supporter of Deputy De Veyga's petroleum bill, maintained a position identical to that of La Prensa. In a 1918 pamphlet he explained; "It is not, then, the intervention of foreign capital that we are fighting, but its intervention in this particular case, because the oil business is monopolized on the world stage by a powerful syndicate which would endanger the future of that public wealth." (Oneto, "Estudio comparativo," printed in El centinela, 160.)

<sup>30</sup>La Prensa, May 18, 1919, p. 9.

The episode which best typifies the government's petroleum policy, or lack thereof, prior to September 1919, was its handling of the administrative phase of the state enterprise. The Petroleum Commission's decision to resign in October 1916 was greeted by silence from the Minister of Agriculture. Only when the members reiterated their intentions did Pueyrredón request that they continue serving until the government had time to make a full inventory of the petroleum situation. President Yrigoyen thought it advisable to maintain temporarily the existing administrative machinery while, at the same time, declaring a moratorium on new expenditures by the petroleum agency.<sup>31</sup> When the president of the Commission, Alberto Schneidewind, and one of the technical chiefs from Comodoro Rivadavia protested that such a policy would produce a damaging paralysis in the state industry, Yrigoyen relented and authorized new spending.<sup>32</sup>

Even with this authorization, the members of the Petroleum Commission could not have been overjoyed at the prospect of continued service. Its interim status weakened the Commission's authority and discouraged long-range planning. And to make matters worse, the Commission was

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<sup>31</sup>Ibid., November 21, 1916, p. 6.

<sup>32</sup>Ibid., November 21, 1916, p. 6; November 27, 1916, p. 9.

under heavy fire for failing to increase state oil production. In March 1916, La Prensa charged that the state enterprise had for nine years been in the hands of incompetent administrators whose good reputations covered up the errors they committed and the harm they did to national interests.<sup>33</sup>

On February 2, 1917, the Petroleum Commission met at the behest of one member who felt the Commission should insist upon its resignation because of remarks recently made in the Chamber of Deputies.<sup>34</sup> The Commissioner was probably provoked by a speech delivered on January 31 by one of the leading Radical Deputies, Horacio B. Oyhanarte, who presented a critical analysis of the development of state exploitation since 1907. Oyhanarte ascribed responsibility for the lack of greater progress

to the inefficiency with which the work had been executed, to the lack of scientific methods, and to the fact that the commission in charge of these matters appears neither to have gotten beyond the trial and error process [of the early years of state exploitation] nor to have been much concerned with its assigned task.<sup>35</sup>

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<sup>33</sup>Ibid., March 21, 1916, p. 6.

<sup>34</sup>República Argentina, Congreso Nacional, Cámara de Diputados, Yacimientos petrolíferos fiscales: Antecedentes sobre su explotación (Buenos Aires: Imprenta de la Cámara de Diputados, 1924), I, 784-785.

<sup>35</sup>Diputados, Diario, 1916-1917, V, 4697. Oyhanarte represented the Province of Buenos Aires.



Three weeks prior to Oyhanarte's comments, the Commission had also been under attack on the floor of the Chamber. During the deliberations on the budget for 1917, the Chamber had voted to strike out the 48,000 \$m/n allocated to pay the members of the Commission.<sup>36</sup> The discussion preceding this vote elicited considerable criticism of the Commission's conduct, particularly from the Socialists.<sup>37</sup> Enrique Dickmann (Socialist - Capt. Fed.), whose motion led to the budget cut, insisted that the Minister of Agriculture had a host of well-paid functionaires capable of handling petroleum exploitation without the Commission which he termed "Comodoro Rivadavia's fifth wheel."<sup>38</sup>

Under these circumstances, the Petroleum Commissioners undoubtedly would have welcomed a legitimate excuse to make their resignations irrevocable. On September 10, 1917, President Schneidewind retired for personal reasons and was succeeded by Enrique Hermitte. Hermitte and the remaining members, Gustavo Sundblad Rosetti, Juan Abella and Adolfo Villate, continued at their posts another two months until labor problems in Comodoro Rivadavia prompted

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<sup>36</sup>The Petroleum Commission was originally an honorary body, but it began receiving compensation for its services in 1914.

<sup>37</sup>Diputados, Diario, 1916, IV, 3270; 1916-1917, V, 4084-4087.

<sup>38</sup>Ibid., 1916, IV, 3270.

the acceptance of their year-old resignations.

In September 1917 there were about 1,400 laborers in the state oil fields, 96.7% of them foreign born.<sup>39</sup> Forced to work from 10 to 14 hours daily under the notoriously bad climatic conditions of the Patagonian coast, living in sub-standard housing, and feeling the pinch of the rising cost of living during the war years, the petroleum workers followed the lead of thousands of their Argentine contemporaries and went on strike.<sup>40</sup>

On September 27, 1917, the workers presented a list of demands to the administrators in Comodoro Rivadavia which included an eight-hour day for all workers, a 25% salary increase for those receiving less than 4 \$m/n a day and a 15% pay hike for the rest, and time-and-a-half for overtime and Sundays.<sup>41</sup> Two days later, in the face of management silence, the work stoppage began. The employees of the two

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<sup>39</sup>The bulk of the foreign workers, 49.8% of the total work force, was of Spanish, Portuguese or Russian origin. The remainder was drawn from eighteen other non-Argentine nationalities. The administrative staff was markedly more Argentine in origin with 78 of 161 positions filled by natives. La Prensa, October 4, 1917, p. 8.

<sup>40</sup>For information on labor conditions, see La Vanguardia, November 1, 1917, p. 1; La Prensa, November 1, 1917, p. 8; Asencio Abeijon, "Las primeras huelgas petroleras," printed in Medio siglo de petroleo argentino (Comodoro Rivadavia: Editorial "El Rivadavia", 1957), 41-43.

<sup>41</sup>La Epoca, September 29, 1917, p. 2.

private companies then operative in the region immediately joined the state workers, and petroleum production throughout the area was effectively halted.

Despite official fears to the contrary, the strike was not marred by serious outbreaks of violence. At the request of the Petroleum Commission and the management of the private firms, naval personnel supplemented the efforts of the small local law-keeping force to patrol the oil fields and maintain order.<sup>42</sup>

The strike lasted through October and into mid-November before the workers' persistence paid off in the form of a favorable settlement. Meetings in Buenos Aires between a committee of strikers and the Minister of Agriculture produced agreement by November 10 on an eight-hour day for all personnel, a pay raise of 20% for those earning less than 4 \$m/n a day and a 15% hike for all others, and 30% extra for overtime. In addition, the government promised to

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<sup>42</sup>La Prensa, October 4, 1917, p. 8. At various times throughout the strike, sailors from three vessels aided the police. There were definite indications that the strikers were not pleased with the conduct of the military personnel. On one occasion, the government felt obliged to conceal the destination of one Naval ship headed for Comodoro Rivadavia for fear that if the strikers found out it would provoke an uprising. (La Epoca, October 24, 1917, p. 1.) Early in November, a committee of strikers in Buenos Aires to discuss a strike settlement with government officials protested to the Naval Minister about the conduct of the military police, and, particularly, about the practice of positioning machine guns around the petroleum fields. (La Prensa, November 3, 1917, p. 5, November 5, 1917, p. 8; La Razón, November 2,



set up a consumer's cooperative in the oil fields, enforce the law governing work accidents in Comodoro Rivadavia, and improve the workers' living quarters.<sup>43</sup>

It was the manner in which the strike was settled rather than the provisions of the agreement which led to the Executive Decrees of November 14, 1917, accepting the resignations of the Petroleum Commissioners.<sup>44</sup> When the strike dragged into late October with no solution in sight, Minister of Agriculture Pueyrredón undercut the Commission by entrusting the matter to a three-man committee composed of the commanders of two Naval vessels then in Comodoro Rivadavia and the administrative chief of the state oil fields, Leopoldo Sol.<sup>45</sup> It was under the guidance of this group, and through direct negotiations between the committee of strikers and the Minister of Agriculture, that the strike was finally settled.<sup>46</sup>

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1917, p. 1; La Epoca, November 2, 1917, p. 1.)

<sup>43</sup>La Prensa, November 10, 1917, p. 10; La Razón, November 10, 1917, p. 3.

<sup>44</sup>YPF, Recopilación, I, 74-75.

<sup>45</sup>La Prensa, October 25, 1917, p. 5; La Epoca, October 27, 1917, p. 1, October 30, 1917, p. 1.

<sup>46</sup>From available evidence, it appears that Yrigoyen himself played a significant role in bringing the strike to a close. On November 7, a messenger arrived in the Capital from the Commander of the "Rivadavia", Capitán de Navío Darieaux, who was presiding over the three-man committee appointed to settle the strike. Darieaux's report on

If there had been any doubt about the Petroleum Commission's fate before the strike, there could have been none once Pueyrredón had removed negotiations from its hands. The Minister's action amounted to a public disavowal of his subordinates in charge of petroleum exploitation. Having suffered heavy criticism while forced to work with limited funds and reduced authority, the Commissioners probably welcomed the acceptance of their resignations. Leopoldo Sol, the administrative chief in the oil fields, completed the sweep of upper level officials responsible for state exploitation when he too resigned.<sup>47</sup>

The man chosen to replace Sol, first temporarily then on a permanent basis, was Capitán de Fragata Felipe Fliess. There was nothing in the background of the thirty-nine year old Fliess which indicated a particular competence for his new post. He had compiled a distinguished record at the Naval Academy (1906), progressed regularly through the officer ranks, and served recently, from 1914 to 1916, as a professor and subdirector at the Naval Academy. Fliess's

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conditions in Comodoro Rivadavia was delivered to an audience of President Yrigoyen and his Ministers of Agriculture and Navy. According to La Prensa, after hearing the report, Yrigoyen gave instructions for ending the conflict. Two days later, on November 9, an agreement was reached between Pueyrredon and the strike committee. (La Prensa, November 8, 1917, p. 9.)

<sup>47</sup>YPF, Recopilación, 75-76.

appointment apparently resulted from his service as the Commander of the "San Martín" which was sent to Comodoro Rivadavia in April 1917 to protect the coastline of the petroleum installations. During his month in the area, Fliess compiled and submitted to the Naval Minister a confidential report on conditions in the oil fields. Fliess stated to La Epoca that he felt the report had influenced his selection as the new Comodoro Rivadavia chief.<sup>48</sup>

Whatever Fliess's personal qualifications for the position, his appointment was a manifestation of the Navy's interest in domestic petroleum development. Understandably, the Navy considered the Patagonian deposits as a valuable fuel source for its fleet. In fact, Law 7,059 which authorized state exploitation in 1910 stipulated that one of the objectives was to provide fuel for the squadron. During the 1917 strike, naval personnel not only policed the state fields, but they also submitted a steady flow of reports on the strike's progress to the Naval Minister.<sup>49</sup> His offices were as involved as those of the Minister of Agriculture in eventually ending the dispute. Fliess's

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<sup>48</sup>La Epoca, November 13, 1917, p. 3.

<sup>49</sup>It is interesting to note La Epoca's justification for the use of naval officials in seeking a solution to the strike. When La Prensa questioned the wisdom of this idea, La Epoca responded saying that La Prensa knows "that it is the duty of the military authorities to intervene in such matters when all possible attempts at peaceful settlement



appointment, therefore, consummated the long-standing naval concern with petroleum matters, and, further, it established a precedent for military leadership of the state petroleum agency which continued unbroken until 1932.

After the dismissal of the Petroleum Commission, La Razón reported assurances from the Minister of Agriculture that a thorough reform of the state petroleum agency was under consideration,<sup>50</sup> and La Prensa commented that Fliess's appointment was temporary, and that a definitive reorganization would result from a personal fact-finding mission to Comodoro Rivadavia by President Yrigoyen.<sup>51</sup> These stories were more wishful thinking than accurate reporting. There was no major overhaul of the state company in 1917, nor indeed would there be any until Yrigoyen's term had nearly expired five years thence.

Instead of filling the vacant seats on the Petroleum Commission, the Minister of Agriculture assumed direct responsibility for state exploitation. Officials in Comodoro Rivadavia and Buenos Aires, all of whom were

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have failed." (La Prensa, October 26, 1917, p. 8; La Epoca, October 27, 1917, p. 1.)

<sup>50</sup>La Razón, November 15, 1917, p. 1.

<sup>51</sup>La Prensa, November 14, 1917, p. 9.

directly responsible to the Minister shared the administrative duties of the enterprise. With Fliess in charge in the South, the Buenos Aires offices were entrusted to a "gerente" appointed by the Minister. Enrique V. Plate served briefly in this capacity until he was replaced by Sebastián L. Flores in December 1917. Essentially, the "gerentes" were discharging the duties formerly handled by the Petroleum Commission.<sup>52</sup>

In short, instead of grasping the opportunity to place state exploitation under the direction of an autonomous bureau of technically competent men prepared to advance the government industry, the Yrigoyen administration resorted to a jerry-built structure ill-designed to produce anything but stagnation. Argentina's pastoral economy burdened the Minister of Agriculture with too many problems to allow him to exercise effectively direct responsibility for petroleum exploitation. When Colonel Enrique Mosconi assumed control of the state petroleum concern in 1922, he singled out the post-1917 administrative structure as the source of many of the difficulties experienced by the firm:

This original framework of Minister and  
Director General in one is, in my judgment,

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<sup>52</sup>The best summary of the administrative changes made during this period is presented in a report drawn up by the "gerente" of the state agency in 1922 and printed in Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 162-163.

the cause of all the difficulties and the source of all the deficiencies and confusion that can be seen in state exploitation,.... As is logical, the serious error committed in Buenos Aires had to have repercussions in Comodoro Rivadavia.<sup>53</sup>

Thus, by September 1919, nearly three years after Yrigoyen's inauguration, there was no marked change in the status of domestic petroleum development. Despite promises of reform, it is clear that Yrigoyen led his party to power with no precise program for immediate implementation. He and his advisors formulated no long-range policy, but simply acted on a day-to-day basis, adjusting to situations as they arose.

While it is not intended here to justify the government's apathetic attitude, certain considerations make it at least understandable. First, in order for domestic petroleum production to have expanded significantly, Argentina would have had to acquire machinery, pipelines, transport tankers, and other industrial equipment, and to attract heavy investment into the private sector of the industry. But Argentina lacked the metallurgical industry to provide the necessary heavy machinery, and the war made it all but

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<sup>53</sup>Ibid., 641. Mosconi's comment was part of a report he submitted to Minister of Agriculture Tomás Le Breton on February 23, 1923.



impossible to secure it from abroad.<sup>54</sup> With respect to private investment, the war nearly eliminated new foreign capital as a factor in the Argentine economy, and domestic savings shied away from industrial ventures. Most of the unusual profits earned by the rural and industrial sectors because of the wartime situation were invested in government paper, bonds, and treasury notes, and served to pay current government expenses rather than to stimulate industrial growth.<sup>55</sup> Given these conditions, the administration may have felt that any attempt to stimulate oil production was futile until the war was over.

Indirectly, the war contributed in a second way to delaying action on petroleum policy. When Yrigoyen's Foreign Minister, Dr. Carlos Becú, resigned in February 1917, his duties were assumed on an interim basis by Minister of Agriculture Pueyrredón who filled both offices until September 1918. Undoubtedly, the responsibilities of the Foreign Office during these war months severely taxed

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<sup>54</sup>Government publications prior to 1919 consistently referred to this problem as a major stumbling block to increasing production. República Argentina, Ministerio de Agricultura, (hereinafter cited M. de Agric.), Memoria, 1917 (Buenos Aires: Talleres Gráficos del Ministerio de Agricultura, 1920), 291; D. G. de Explotación, Memoria, 1918, 4-5; Memoria, 1919, 3.

<sup>55</sup>Joseph S. Tulchin, "The Argentine Economy During the First World War," The Review of the River Plate, No. 3750 (June 19, 1970), 901-903, No. 3751 (June 30, 1970), 965-967, No. 3752 (July 10, 1970), 44-46.

Pueyrredón's time, diverting energies which otherwise might have been devoted to clarifying the government's petroleum policy. Furthermore, the ministerial change through which Alfredo Demarchi succeeded Pueyrredón deprived the Agricultural Department of the continuity which is essential to effective policy formulation.

A third inhibiting factor was Yrigoyen's highly personal manner of conducting governmental business. Relying little on his Ministers, and much less on his lower subordinates, he ran the government with the same authoritarian hand that ruled the UCR. Working at the same slow and cautious pace which marked his conspiratorial days, Yrigoyen often delayed the transaction of government business by insisting that he directly oversee all matters. Petroleum policy would be defined when he, personally, had time for it.<sup>56</sup>

Though the Executive Branch cannot be exonerated for its failure to formulate a petroleum policy, Congress too must share the blame for the lack of petroleum legislation

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<sup>56</sup>Manuel Gálvez, Vida de Hipólito Yrigoyen: El hombre del misterio (Buenos Aires: Editorial Tor, 1945), 182, 200-201, 211. Gálvez attributes both Yrigoyen's slowness to act and his authoritarian bent to a basically introverted personality. He relates an incident which is indicative of Yrigoyen's concept of his role as President. When asked why he had chosen so many lesser lights for Ministers, Yrigoyen allegedly replied, "Because I was the President, I was the Vice President, and I was the Cabinet." (Ibid., 182.)

and for the limited funds with which the state industry was forced to function. The same pressures which demanded results from the national executive - the need for an immediate increase in petroleum production and the obvious inadequacy of existing petroleum legislation - dictated that the legislators apply their collective talents to solving the problem.

While it was advisable for Congress to delay passing legislation until the President's opinions were known, it was neither necessary nor prudent to wait three years. By taking the initiative and presenting the Casa Rosada with a fait accompli in the form of an enactment embodying its own designs, Congress could have forced the issue on Yrigoyen, placing him in a position of having either to accept their plan or offer an alternative. Congress, however, chose to remain silent. The Senate, displaying a lack of sensitivity to public needs incredible for a representative body, never even discussed petroleum legislation. And the Chamber, while showing more awareness of the precarious national fuel situation, did not sanction the sorely needed general bill on exploration and exploitation of petroleum resources.

The absence of partisan control over the legislative machinery was one factor which militated against prompt and productive attention to petroleum or any issue. Conservative domination in the Senate was unchallenged.



Before 1920, the Socialists could claim one and the Radicals never more than four of the thirty seats in the Upper House.<sup>57</sup> In the Chamber, control shifted as a consequence of the 1918 Congressional elections. The anti-administration forces held the upper hand prior to 1918 with 67 votes to 48 for the Radicals. After the 1918 elections, the new alignment showed the Radicals ascendant with 61 seats to 50 for the Conservatives (44) and the Socialists (6).<sup>58</sup>

The prospects for any one group or party guiding legislation through this political maze were slim at best. The Radicals could rely on stiff Senate opposition to almost any measure bearing the UCR label, and the

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<sup>57</sup>Roberto Etchepareborda, "Yrigoyen y el congreso," printed in Pueblo y gobierno, IV, 62-63.

<sup>58</sup>The figures presented here do not total 120, the legal size of the Chamber during these years, because seats left vacant have not been included. The Radicals improved their position slightly between 1918 and 1919 by electing two more members to the Chamber in off-year contests, while the Conservatives gained one more seat. The figures on the composition of the Chamber have been compiled on the basis of election statistics published by the Argentine Ministry of the Interior in 1946, Las fuerzas armadas restituyen el imperio de la soberanía popular, Tomo I (Buenos Aires: Imprenta de la Cámara de Diputados, 1946). The Conservatives are referred to with an upper case "C" despite the fact that there was no national Conservative Party, but a coalition of provincial representatives from a variety of local political organizations that shared roughly the same political views and cooperated on a national level when circumstances demanded it, such as in the case of presidential elections.

Conservative-Socialist anti-administration bloc could not be counted on to cooperate on anything save opposition to the Radicals. Only if partisan considerations were transcended could Congress have been expected to approach its law-making task productively.

The Chamber's only debate on petroleum legislation prior to 1919, and indeed the only major petroleum debate before 1927, stemmed from the bill introduced by Radical Deputy Carlos F. Melo in July 1916. At that time, Melo proposed federalization of the nation's oil deposits, creation of a state monopoly over their exploitation, and the expropriation of all oil concessions previously made by the national or provincial governments.

On August 1 of the following year, Melo and a Conservative Deputy, Rodolfo Moreno (Buenos Aires Prov.), submitted what was essentially a revised version of the 1916 bill. The new proposal included iron ore and coal deposits along with petroleum and provided for the federalization of all three. Their exploitation would be regulated by special legislation to be passed later. The expropriation clause was to be retained, and Article 9 of the Mining Code which prohibited mineral exploitation by the national or provincial governments would be declared null and void.<sup>59</sup>

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<sup>59</sup>Diputados, Diario, 1917, III, 45-47. The term "federalization" will be used throughout this study to mean the

Displaying an efficiency which is seldom characteristic of Congressional committees, perhaps because Melo himself was a member, the Committee on Legislation reported the bill out just nine days after it was introduced.<sup>60</sup> Other matters occupied the Chamber's attention during the waning weeks of the 1917 sessions, however, and the bill did not reach the debate stage.

After going back to the Committee, the measure again was sent to the floor on June 12, 1918,<sup>61</sup> and was debated intermittently over the next several weeks. The bill was not identical to the Melo-Moreno proposal since the Radical-dominated Committee stipulated that the special legislation on exploitation would guarantee to the provinces a share of the profits made from any development of the three minerals within their respective borders, and that all concessions made before July 1, 1918 would be respected.<sup>62</sup>

The debate was inconclusive since the 1918 sessions closed before the bill could be brought to a vote. Yet, in view of the fact that the discussion focused on the

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extension of federal legal jurisdiction over provincial oil deposits. The term "nationalization" is not being employed because the extension of federal jurisdiction did not mean the national government actually would exploit the petroleum deposits.

<sup>60</sup>Ibid., 296.

<sup>61</sup>Ibid., 1918, I, 382.

<sup>62</sup>Ibid., 636. One member of the Committee, Francisco



constitutionality of federalizing mineral deposits, a key and controversial issue, it cannot be argued that the Chamber wasted its time. With Deputies Antonio de Tomaso (Socialist - Capt. Fed.) and Carlos Melo arguing that federalization was within constitutional limits, and Deputies Alberto Arancibia Rodríguez (Conservative - San Luís) and Matías G. Sánchez Sorondo (Conservative - B.A. Prov.) holding forth in opposition, the cases were presented clearly on both sides.

Sánchez Sorondo and Arancibia Rodríguez contended that federalization would constitute an affront to provincial autonomy, robbing the provinces of control over their mineral resources. While supporting this proposition, the two Conservative Deputies posed as the defenders of provincial rights against incursions by the national government. Their position was that the Argentine provinces preceded the nation as legal entities, that the Constitution of 1853 was written by provincial representatives, and that, in the Constitution, provincial sovereignty was protected by reserving to the provinces those powers not delegated to the national government (Article 104). This sovereignty, they argued, was inextricably tied to

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Uriburu, a Salta conservative, refused to sign the bill and presented his own proposal to the Chamber instead. (Ibid., 1917, V, 264-272.)

territorial integrity, because, as Arancibia Rodríguez put it,

without territory there would be no provinces,...., [and] because it is impossible to conceive of either a political entity or an autonomous government that controls its territory through foreign laws or authorities other than those who represent the sovereignty itself.<sup>63</sup>

From these premises, it was but a short step to the conclusion that since federalization of mineral deposits involved interference with provincial territorial integrity, it also impinged on provincial sovereignty and was, therefore, contrary to the Constitution.<sup>64</sup>

The two Conservative Deputies further argued that federalization violated the spirit as well as the letter of the Constitution. Such a measure, they contended, was more suited to the tastes of the 19th century "unitarious" than the federalists who drew up the basic charter. Sánchez Sorondo warned the Chamber that federalization was another in the series of laws passed in the last three decades which had established a dangerous trend toward centralization of power in the hands of the national government. It was a trend he abhorred

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<sup>63</sup>Ibid., 1918, I, 653.

<sup>64</sup>For the constitutional arguments of Arancibia Rodríguez and Sánchez Sorondo, see Ibid., 647-657.

because it leads us astray from wise practices, because it disrupts the federal balance, [and] because [these laws] accustom us to considering the Constitution as a dead letter, leaving us, therefore, without protection in times of danger,....<sup>65</sup>

Against this argument, which could have been drawn almost verbatim from the treatises of 19th century Argentine federalists, Melo and the brilliant young De Tomaso posed the more modern concept of increased governmental interference in the economic sphere. They did not deny the political autonomy of the provinces, but simply contended that, under Article 67, Section 11 of the Constitution, the national Congress was empowered to dictate the national Mining Code. This being the case, it was illogical to assume, as De Tomaso pointed out, that

this Congress could have the power to establish the basic legislation and then could not,...., decide at any time on what it may consider to be more consistent with the country's interests in the matter of ownership of mineral deposits.<sup>66</sup>

Melo hastened to remind the Chamber that sovereignty can be either complete or partial, and that the national government was the only totally sovereign entity in Argentina. The provinces enjoyed partial sovereignty, exercising legislative autonomy within the limits fixed by the Constitution.

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<sup>65</sup>Ibid., 652.

<sup>66</sup>Ibid., 639.



In the case of mineral matters, Article 67, Section 11 left no doubt that responsibility lay with the national government.<sup>67</sup>

Where their opponents hewed almost exclusively to the constitutional issue, Melo and De Tomaso strengthened their case by arguing that the practice of placing vital mineral resources under the protection of the national government was a current world-wide trend. It stemmed in part from the mounting importance of minerals like coal, iron ore and oil for industrial development and national defense, and from the protective measures adopted by the belligerent powers during WW I. Melo maintained that the trend reflected a changed concept of the government's function in the economic sphere. No longer was the state viewed in 19th century liberal fashion as an impartial arbiter and, when necessary, coercive agent. The contemporary concept, according to Melo, was that of "the defender of the collective rights and interests... and the representative of all sectors of the society."<sup>68</sup>

On a more practical plane, De Tomaso argued that, given the importance of the minerals under consideration and the eagerness of foreign capital to exploit them, it was

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<sup>67</sup>Ibid., 1918, IV, 144-145.

<sup>68</sup>Ibid., 1918, II, 179.

unwise to rely for protection on fourteen separate policies pursued by the provinces as they enforced the Mining Code. Without saying as much, he was implying that the provincial governments, either by choice or by circumstance, might not prove equal to the task of safeguarding the nation's vital mineral wealth.<sup>69</sup>

Melo, on the other hand, sought to convince the Chamber that under the Mining Code as it stood, private interests alone benefited since all mines had to be turned over to them for exploitation. If, however, the bill under discussion were passed, the provinces would share in the profits reaped from the development of petroleum, coal and iron ore, and they would be free to undertake any other mineral exploitations they considered advisable.<sup>70</sup>

Although on theoretical as well as practical grounds, De Tomaso and Melo presented the more convincing arguments, no vote was taken to test their persuasiveness on the Chamber. Still, the debate did provide some indications as to the thinking of the three major political groups on petroleum legislation, and, particularly, on federalization. Given the strict internal discipline of the Socialist Party, it can be assumed that De Tomaso's strong support for the

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<sup>69</sup>Ibid., 1918, I, 638, 642.

<sup>70</sup>Ibid., 437; 1918, II, 148, 175, 185-187.

bill accurately mirrored his party's position. Also, there is little reason to suspect that the majority of the Chamber's Conservatives disagreed with the constitutional views expressed by Arancibia Rodríguez and Sánchez Sorondo. However, the fact that the original bill was co-authored by a Conservative, Moreno, emphasizes the need for exercising the basis of this debate.

As far as the Radicals are concerned, the Chamber discussions reveal that while some elements within the party were willing to back federalization, this was not yet an established party policy. Melo co-authored the initial proposal, and he and four other UCR Deputies signed the Committee on Legislation despatch. Yet, what was primarily a Radical measure in origin was not even brought to a vote in a Radical-controlled Chamber. The majority of the UCR Deputies preferred to wait for the President's initiative before committing themselves on this question.

In mid-February 1917, the Chamber provided the only positive item in its petroleum record for the first half of Yrigoyen's presidency by approving a special outlay of 16,000,000 \$m/n for developing the state operations in Comodoro Rivadavia. The Executive Power had presented the original proposal to the Extraordinary Sessions of Congress which opened in December 1916.<sup>71</sup>

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<sup>71</sup>See above, pages 43-44. The Chamber's Treasury



The debate on the petroleum funds centered on the question of how the administration intended to invest the money. Several Deputies noted the irregularity of approving a financial measure without knowing the destination of the funds.<sup>72</sup> Deputy Escobar vividly stated the case when he said the nation demanded

an end to experiments, to probes and trials; the country demands purposeful efforts, carefully considered solutions, [and], better said Mr. President, ideas and action.<sup>73</sup>

Minister of Agriculture Pueyrredón addressed the Chamber briefly on February 9, 1917 to present the administration's policy, but neither he nor the two Radical Deputies who shared the task of defending the government's request, Horacio B. Oyhanarte and Alfredo Demarchi, gave convincing evidence that the government had a carefully thought out petroleum policy, or that it had a detailed program for the use of the 16,000,000 pesos. Pueyrredón informed the Chamber that the government's primary objective was to extend exploration. Without ignoring efforts to increase

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Commission combined this bill with another on debt consolidation in its despatch to the Chamber floor. Article 2, Section 9 allotted 16,000,000 \$m/n for the state oil industry. (Diputados, Diario, 1916-1917, V, 4620-4621.)

<sup>72</sup>Diputados, Diario, 1916-1917, V, 4746, 4756, 4876, 4907.

<sup>73</sup>Ibid., 4941.

production, the administration, he said, intended

to explore thoroughly the area, demonstrating to the entire nation whether we actually have an abundance of oil, or whether, on the contrary, the deposits are limited to that small corner of the reserve zone. That, gentlemen, has not been done, and, in my judgment, it is the true task of the government.<sup>74</sup>

According to Pueyrredón, this was all the Deputies needed to know.

The details are not of interest to the Congress; the Deputies cannot ask the Executive Power exactly what must be purchased for this exploitation....<sup>75</sup>

With the Chamber now instructed as to its own limitations, Demarchi and Oyhanarte advocated approval of the petroleum funds. They contended that petroleum exploitation was an expensive business, and that the vast potential of the Comodoro Rivadavia fields would lie dormant if substantial new investments were not made. Essentially, they were arguing that the government should either do the job right or not do it at all, that either the funds should be supplied to raise production to a point where significant amounts of petroleum were being provided for national use, or the whole operation should be abandoned. As Oyhanarte bluntly put the alternatives,

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<sup>74</sup>Ibid., 4962-4963.

<sup>75</sup>Ibid., 4963.

either exploit Comodoro Rivadavia intensively and scientifically according to procedures already well known, or cap the wells and stop pouring money into this matter.<sup>76</sup>

On close inspection, a notable lack of agreement emerges between the remarks of Minister Pueyrredón and those of the two Radical Deputies. While the Agricultural chief spoke of broadening exploration, Demarchi and Oyhanarte were impressing upon the Chamber the expense of such equipment as distilleries, tanker transports and storage facilities, all equipment related to production not exploration. And while Pueyrredón urged exploration as a means to gain the knowledge of Argentina's oil reserves necessary to formulate the best national petroleum policy, Demarchi and Oyhanarte had their sights trained on the much more ambitious objective of supplying the entire nation with cheap, abundant fuel.<sup>77</sup> The Chamber had to decide which of the Radical speakers most accurately represented the government's intentions.

Nicolás Repetto, the 46 year-old surgeon-Deputy, offered the only opposition during the debate, and his objective was to have the funds reduced. The Socialist leader was unconvinced that the Radical administration

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<sup>76</sup>Ibid., 5005. For the remarks of Demarchi, see Ibid., 4949-4959, 5009-5019; and for those of Oyhanarte, 4992-5009.

<sup>77</sup>Ibid., 4959, 4963, 5002, 5004.



intended to alter the past policies which had suffocated the state petroleum industry. Claiming that he was anxious to avoid a national disaster in Comodoro Rivadavia, Repetto urged the government to adopt a cautious short-range policy and suggested the Chamber approve 5,000,000 \$m/n to finance it.<sup>78</sup> It is probable that the chance to exert a degree of Congressional control over the notoriously independent Chief Executive also entered into Repetto's calculations.

In any case, he advised the Radical government to lay aside, at least temporarily, the grandiose design of supplying the whole domestic market and concentrate on covering the needs of the government agencies. To this end, maintained Repetto, the government should exploit its 5,000-hectare reserve, while releasing the larger government reserve for private industry.<sup>79</sup> When the state firm could supply the government's own needs, it could place the surplus in the public market. For such a moderate and practical program, Repetto saw no need to vote more than 5,000,000 \$m/n.

It is difficult to believe that the Chamber's approval of the full 16,000,000 \$m/n was attributable to the

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<sup>78</sup>For Repetto's remarks, see Ibid., 4947-4948, 4964-4971, 5114-5133.

<sup>79</sup>Repetto's reference was to the reserve created by Saenz Peña in 1913 to check speculative activity in petroleum concessions. See Chapter I, pp. 13-15.

persuasive powers of Melo, Demarchi and Pueyrredón. Rather, it may be taken as an indication of the widespread consensus in favor of state exploitation. Significantly, not one Deputy argued that the money should be flatly refused, or that the government should pull up stakes in Comodoro Rivadavia and leave the petroleum industry in private hands. Theoretical considerations aside, the state industry represented a sizable investment not only in money but in national prestige. Admitting defeat would have been a blow to Argentine national pride which the legislators were unwilling to accept.

The general acceptance of state exploitation was manifested in the Chamber's approval of another bill submitted by Deputies Melo and Demarchi. Originally presented as amendments to the money bill, its articles were passed as a separate enactment. As sent to the Senate, the measure confirmed the 5,000-hectare region in Comodoro Rivadavia as a permanent reserve for government exploitation, and authorized for that purpose investment of the 16,000,000 \$m/n just voted by the Chamber as well as the profits made by the state firm until January 1, 1926.<sup>80</sup>

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<sup>80</sup>Diputaods, Diario, 1916-1917, V, 5191. This bill was passed on February 16, 1917 immediately after final approval of the measure containing the 16,000,000 pesos for petroleum exploitation.

The Senate, however, failed to act on either the money bill or the Melo-Demarchi bill, consigning both to the legislative graveyard.<sup>81</sup> On March 5, 1917, President Yrigoyen, protesting that Congress had delayed too long in passing either the administration's proposals or substitute measures of its own, closed the Extraordinary Sessions and withdrew the bills submitted the previous December. It is noteworthy that while the decree closing Congress reserved to the Executive Power the right to submit any or all of the withdrawn bills at a later date, the administration did not again request funds for petroleum development.<sup>82</sup>

The failure of national leadership in petroleum matters, whether in Congress or the Casa Rosada, inevitably took its toll, retarding the growth of the state oil firm. Enrique Hermitte, head of the National Bureau of Mines and interim President of the Petroleum Commission in 1917, alluded to the situation in his department's year-end report for 1917:

Because of the change in administration, state exploitation is in a period of transition and production remains stationary. The National Government has not spelled out its policy with respect to the oil works,

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<sup>81</sup>The Senate met for the final time during the 1916-1917 Extraordinary Sessions on February 15, 1917, the day before the Chamber passed on to it the bill containing the allocation for petroleum development.

<sup>82</sup>For a copy of the Executive Decree closing Congress, see La Prensa, March 6, 1917, p. 10.



and, therefore, no significant alterations have been made in the development program established [before President Yrigoyen took office].<sup>83</sup>

To complicate matters, two other problems of major proportions also affected the Comodoro Rivadavia enterprise, the difficulty in obtaining industrial machinery, already mentioned, and the outbreak of new strikes. The work stoppage which occurred in October and November 1917 was only the most serious of a number of labor disputes which plagued the state industry. In 1918, 15 days were lost through strike activity, and the following year 50 days were lost.<sup>84</sup> Officials of the state company estimated that production in 1919 would have increased by 8% over 1918 instead of decreasing as it did by almost 5% had it not been for the strikes.<sup>85</sup>

In the midst of these difficulties, it is surprising that the state industry not only maintained its position from 1916 to 1919, but registered tangible advances in several areas. The firm's capital, built up through reinvesting profits, expanded from less than 12,000,000 \$m/n

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<sup>83</sup>M. de Agric., Memoria, 1917, 291.

<sup>84</sup>D. G. de Explotación, Memoria, 1918, 9; Memoria, 1919, 3.

<sup>85</sup>Ibid.

to nearly 39,000,000 \$m/n<sup>86</sup>, while production rose from 129,890 m<sup>3</sup> of crude oil in 1916 to 188,093 m<sup>3</sup> in 1919.<sup>87</sup> Storage facilities in Comodoro Rivadavia were slowly expanded from a capacity of 71,675 m<sup>3</sup> to 84,675 m<sup>3</sup><sup>88</sup>, and the tanker fleet which transported 98,040 tons of crude oil in 1916, carried over 190,000 tons three years later with one less ship.<sup>89</sup>

Commercially, the firm's record also shows token advances. The state industry sold 61,174 tons of crude oil in 1916 and 95,279 tons in 1919.<sup>90</sup> Both government agencies and private consumers continued to use state oil, with the price for the latter determined by the prices charged by private distributors. Those responsible for state exploitation felt that selling the limited government oil supply at a price below the market level would have meant creating a privileged group of consumers.<sup>91</sup> As state

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<sup>86</sup>YPF, Desarrollo de la industria, 53, 61.

<sup>87</sup>BIP, December, 1936, 18.

<sup>88</sup>Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 306.

<sup>89</sup>YPF, Desarrollo de la industria, 374.

<sup>90</sup>Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, chart facing 348.

<sup>91</sup>Ibid., 171-172; M. de Agric., Memoria, 1919, 19.

production expanded, the question of constructing a major distillation facility to take advantage of valuable petroleum by-products became increasingly urgent. By 1919, however, a distillery was still in the planning stage.<sup>92</sup>

Outside of Comodoro Rivadavia, some hope for the future was provided by the 1918 discovery of high quality petroleum by the Bureau of Mines in Plaza Huincul (National Territory of Neuquén).<sup>93</sup> Though the Patagonian deposits had been worked more intensively than those in Plaza Huincul, they too supplied more hope for the future than satisfaction for the present in 1919. Only the uninformed could have disputed the statement in the Minister of Agriculture's Memoria for 1919 to the effect that the Argentine petroleum industry was still in its nascent stage.<sup>94</sup>

The private sector of the petroleum industry showed no more of a tendency toward rapid expansion than the public sector. While production more than doubled between 1917 and 1919 - from 10,667 m<sup>3</sup> to 23,188 m<sup>3</sup> - the latter figure represented the work of only two companies and was

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<sup>92</sup>Ibid., 17.

<sup>93</sup>The best short account of the discovery at Plaza Huincul appears in Enrique Mosconi's El petróleo argentino, 28-29.

<sup>94</sup>M. de Agric., Memoria, 1919, 15-16.



insignificant in terms of the national fuel market.<sup>95</sup>

That private exploitation was starved for a lack of capital has already been noted. Had there been willing investors, foreign or domestic, it is unlikely they would have encountered any government hostility. On May 24, 1918, an article appeared in the semi-official La Epoca touting the oil industry as a promising field for private investment.<sup>96</sup> Seven months later, on December 30, the same source reported that exploitation in Comodoro Rivadavia had been discussed in a Cabinet meeting, and that

it is the intention of the government to maintain the state industry, without, however, excluding the concurrence of private capital that would be able to expand exploitation.<sup>97</sup>

In 1919 Yrigoyen himself stated in his message opening Congress,

Legislating on state-financed petroleum development is necessary in order to clear the way for private participation in the exploitation of deposits located outside the State reserve.<sup>98</sup>

On a rhetorical level then, the government welcomed

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<sup>95</sup>BIP, December, 1936, 19, 20.

<sup>96</sup>La Epoca, May 24, 1918, p. 24.

<sup>97</sup>Ibid., December 30, 1918, p. 1.

<sup>98</sup>Pueblo y gobierno, IV, 179.

private investment in the petroleum industry. What the government failed to provide was effective follow through on its declared policy. Absent was any forceful effort to enact a petroleum law that would have cleared up the unstable legal atmosphere surrounding private exploitation and, in so doing, would have provided a powerful stimulus to private investment.

A discrepancy between words and deeds provided the leitmotif of the petroleum policy pursued by the Radical government from October 1916 to September 1919. Yrigoyen had no well-defined petroleum policy when he became President, and three years of experience proved that the vague concept of "reparación", while rhetorically appealing, provided no answers for practical questions. While the President and other Radical leaders like Pueyrredón, Melo, Demarchi and Oyhanarte frankly acknowledged the need for a law which would define the nation's objectives in terms of petroleum development and place both the public and private sectors of the industry on a firm legal basis, there was no sustained effort to secure the law. Congress, like the President, refused to take the initiative. The great majority of the Radical Congressmen, as befitted well disciplined Yrigoyen subordinates, were willing to wait indulgently for their caudillo to take the first step, and the Conservative and Socialists seemed content to sit

back and watch the Radical administration strain, and hopefully buckle, under the weight of government responsibility.

Thus, by default, the domestic petroleum situation remained essentially unchanged from the pre-Yrigoyen years. If the nation's industrial future and economic independence rested on domestic petroleum development, then it also rested on the ability of strong, purposeful national leadership to transform Argentina's petroleum potential into reality.



C H A P T E R   I I I  
YRIGOYEN II:   A POLICY OF WORDS NOT DEEDS

After nearly three years of unfulfilled promises, the Yrigoyen administration finally presented its proposals for petroleum legislation to Congress in September 1919. The two bills clarified the government's position on both the public and private sectors of the industry, but subsequent events demonstrated that the Radicals still preferred words to deeds, Yrigoyen's oil bills proved to be simply another well-timed nationalistic note from the Radical's political trumpet. They were never brought up for debate in a Chamber dominated by his own party, and when he left the Casa Rosada in 1922, national oil legislation still remained a matter of speculation. As a consequence, the state oil enterprise advanced slowly, constantly hindered by the lack of either a sound legal basis or purposeful leadership. And while private investors displayed a quickening interest in Argentine petroleum after 1920, many continued hesitant in the face of the legal vacuum which masqueraded as Argentine petroleum law. When in June 1922, four months before the end of his term,

Yrigoyen belatedly took substantive action in petroleum matters, it was for distinctly negative reasons.

Despite the failure of the legislature to act, Yrigoyen's petroleum bills throw light on administration thinking and deserve careful analysis. The first bill, which entered the Chamber on September 24, 1919, called for the federalization of the nation's oil resources, granted the national government the right to explore and exploit petroleum deposits on its own behalf, and prescribed the conditions under which petroleum rights would be issued to private interests.<sup>1</sup>

In the accompanying message, Yrigoyen and Agricultural Minister Demarchi argued for federalization on the basis of

the financial as well as the social  
benefits which result from the many  
uses of that fuel.<sup>2</sup>

With all deposits under the exclusive control of the national government, their argument continued, the State could oversee petroleum exploitation and

prevent private interests from wasting  
[the oil], or damaging it through  
ignorance or impulsiveness, or rendering  
[the deposits] unproductive through

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<sup>1</sup>Diputados, Diario, 1919, V, 480-485.

<sup>2</sup>Ibid., 480.

negligence or financial incapacity,....<sup>3</sup>

Given this framework, the National Executive was willing to promote private participation in the petroleum industry "within prudent limits and under certain conditions," and, particularly, to encourage private operations in areas as yet unexplored.<sup>4</sup>

The nationalistic tone of the measure established by the call for federalization likewise pervaded the articles governing private concessions. The regulations recommended by the administration obviously were intended to produce small-scale, closely-checked private operations which would surrender a share of any profits to the national treasury.

The guiding concept for granting private rights was adopted from the Rumanian oil law of 1906. Basically, it involved dividing the nation's territory into three categories: 1) recognized petroleum lands, 2) lands with unknown petroleum potential, 3) lands reserved for state activity.<sup>5</sup> The terms of each concession depended upon

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<sup>3</sup>Ibid.

<sup>4</sup>Ibid., 481.

<sup>5</sup>The three areas were not precisely defined in the bill. There was no indication, for instance, of how far from a producing well an area had to be located to be classified as a "recognized petroleum zone". Had the bill passed, such determinations apparently would have been left to the discretion of the National Bureau of Mines.



whether the land in question was classified under category one or two, and every grant of category-two lands eventually added to the government's reserve.

From the investor's point of view, the one significant new advantage offered in the government's proposal was an extension of the time period allowed for completing exploration work. Under the Mining Code, concessionaires had only 300 days to complete their search, with possible short extensions under special circumstances. Because of the necessary drilling operations, this was an extremely abbreviated period for oil exploration. The government's bill allotted private investors a full five years for this critical and complicated task.

On the other side of the ledger, there were numerous provisions guaranteeing strict federal control over all facets of private operations. Every concessionaire had to supply proof of his financial capacity to undertake exploration and/or exploitation, and each was required to execute certain field activities to maintain his rights.<sup>6</sup> Out of each 2000-hectare exploration plot, 500 hectares

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<sup>6</sup>When the government's bill went to Congress, concessionaires were required to actively work the lands granted in an exploration permit, but once an oil discovery was made they could maintain their rights by paying an annual fee to the government. (See the provisions of, Law 10,273, Jerónimo Remorino, ed., Anales de legislación argentina, complemento años, 1889-1919 (Buenos Aires: Editorial La Ley, 1954), 1042-1044; Velarde, Las minas

automatically were to become part of the federal reserve, and in the case of a discovery, the concessionaire was obliged to divide his land into three equal parts from which the government would choose the one it preferred. The National Executive was empowered to dictate the manner in which oil companies constituted their capital, the accounting procedures to be employed, and the method of calculating profits. Government inspectors were to keep a watchful eye over the technical conduct of all private operations, and the land, the production and the profits of private companies were subject to a series of taxes.<sup>7</sup> On the commercial side of the industry, the Executive's bill empowered the national government to fix the sale price for petroleum to both private and government consumers, to control exportation of oil, and to exercise a preferential right to acquire all the oil necessary for

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de petróleo, 48-50.) The administration's bill demanded ten exploratory wells within five years for each 1500-hectare exploration permit (Art. 14), and the production of 5000 tons of crude oil within five years from each 100-hectare exploitation grant (Art. 15). This was not an excessive demand, but it was insurance against a concessionaire capping his wells and holding his deposits in reserve.

<sup>7</sup>Under Article 24, the concessionaire was required to pay in annual taxes to the national government: 1) 100 \$m/n for each hectare of exploitation land, 2) 8% of his gross production of crude oil, either in kind or in value as the government saw fit, 3) 25% of all profits in excess of 35% of the company's invested capital. If the deposits were located on provincial lands, the Province would receive 50% of the production tax and all of the excess profits

government agencies and for stockpiling. In addition, both the transfer of petroleum rights and the association of two or more concessionaires for exploitation purposes was prohibited without permission from the National Executive.<sup>8</sup>

Finally, the administration's bill included a catch-all article, Article 34, designed to repair any loopholes in the scheme to exclude the feared oil trusts from Argentina. Every concession of oil rights was to be subject to any future measure enacted

for the purpose of combatting attempts to corner or monopolize the production, transport, storage, refining and commerce of oil and its by-products.<sup>9</sup>

Amidst all this detail, the outstanding characteristic of the government's bill was the absence of anything novel in its provisions. The system of concurrent and separate state and private exploitation already existed in fact, if not in law. Federalization had been discussed at length in the Chamber in 1918, and several previous petroleum bills had proposed adoption of the Rumanian model as the basis for

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levy (Art. 25).

<sup>8</sup>Barring extraordinary circumstances, concessionaires could not pool assets which totaled more than 6000 hectares of exploitation lands (Art. 37). Any transfer of exploitation rights required payment to the government of 30% of the transfer price, an amount which could not be less than one-fifth of the value of the average annual production over the past two years (Art. 35b).

<sup>9</sup>Diputados, Diario, 1919, V, 485.



granting private concessions.<sup>10</sup> What the Yrigoyen administration was offering for petroleum legislation was essentially what nationalists had been advocating since oil had become an issue of public concern.

The second of the administration's oil bills dealt exclusively with the public sector of the industry and was presented to the Chamber on September 27, three days after the first bill.<sup>11</sup> Again, there was little that was new. Had the measure been written into law, it simply would have supplied a legal foundation for the already operative state petroleum enterprise.

The bill authorized the national government to create petroleum reserves within which the State could explore and exploit oil deposits either on its own or in conjunction with the provincial governments. The authorized capital for state operations was set at the current level of capitalization of the state firm, and procedures for making new capital investment and for distributing profits were outlined.

Article 7 was the only innovative part of the proposal, calling as it did for the creation of the

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<sup>10</sup>For previous bills which incorporated the Rumanian model see Ibid., 1914, III, 681-688 (Repetto); 1916, I, 378-384 (De la Plaza-Calderón); 1917, V, 264-272 (Uriburu).

<sup>11</sup>Ibid., 1919, V, 664-666.

"dirección general de los yacimientos petrolíferos fiscales" to administer the publicly-financed petroleum industry. Projected as a division of the Ministry of Agriculture, the powers and duties of the new bureau were to be defined by the Executive Power. This article represented the government's first attempt at a permanent solution to the problem created by the resignation of the original Petroleum Commission in November 1917.

An immediate question raised by the administration's bills is their timing. Why did the Yrigoyen government choose to clarify its petroleum policy in September 1919, three years after coming to office and less than a week before the close of the 1919 Congressional sessions?

Possibly, Yrigoyen and his aides were anticipating an influx of foreign capital after WW I and wanted oil legislation both to stimulate and to regulate investment in the petroleum industry. In addition, Law 7,059, which provided the existing legal basis for state exploitation, was due to expire in 1920.<sup>12</sup> Yrigoyen may have wanted to erect a new and permanent basis for the state industry to serve in place of the 1910 measure. If, however, these considerations made petroleum legislation a priority matter

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<sup>12</sup>Law 7,059, passed in 1910, was valid for five years, and was extended for another five years by Law 9,664, passed in 1915.

for the administration, it is difficult to understand why Yrigoyen did not include such legislation among the topics designated for Congressional attention during the 1919-1920 Extraordinary Sessions<sup>13</sup>, or why the Executive took no action to replace Law 7,059 when it expired, or why, finally, the administration, as we shall see, made no concerted effort at any time to secure Congressional sanction of its oil proposals.

In truth, the Executive's new found urgency to secure petroleum legislation probably stemmed from the political needs of the Radical Party rather than the economic needs of the nation. Yrigoyen and his advisors were, in all probability, looking forward to the national Congressional elections scheduled for March 7, 1920 and calculating the polling-booth profits which a nationalistic petroleum policy could be made to yield. Special importance was attached to these elections because of the number of seats at stake. On the basis of the 1914 census, the lower house was to be expanded from 120 to 158, and the additional 38 seats were to be filled in 1920 along with the customary biennial renovation of one-half of the Chamber's

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<sup>13</sup>Subjects which Yrigoyen chose for treatment during these sessions included loans to France, England, and Italy so they could purchase Argentine products, public health laws, social laws, and the budget. For a copy of the Executive Power decree, see La Epoca, October 20, 1919, p. 1.



membership.

Shortly after the administration's bills entered Congress, the pro-administration La Epoca admitted that the Radicals were thinking about the upcoming elections. Denying an accusation by the conservative daily La Nación that Yrigoyen was flooding Congress with legislative proposals in September 1919 to beef up the Radical record prior to the elections, La Epoca explained:

There is no substance to "La Nación's" charges of petty politicking. On the contrary, [the bills] not only bear witness to the Executive's desire to provide the legislation the country demands, but they provide the electorate with the chance to express itself indirectly on the bill's merits or demerits.<sup>14</sup>

Thus, the series of proposals, with the petroleum bills among them, were presented not simply to attract votes, but to make of the 1920 elections a referendum on the policies defined. Had the Radicals followed their victory in 1920 with a sustained effort to obtain petroleum legislation, La Epoca's statement would now appear more convincing.

The Radicals did not make the government's oil policy the pivotal issue of the 1920 campaign, but it is clear that administration backers used it in their efforts

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<sup>14</sup>La Epoca, October 1, 1919, p. 3.

to win votes for UCR candidates. On several occasions, Radical spokesmen in the Federal Capital praised the party's support for federalizing oil deposits and emphasized the benefits of such a policy for national economic development.<sup>15</sup>

Politically, it was an astute maneuver. For a party which generated much of its electoral support through a nationalistic appeal to the nation's middle and lower classes, the mantle of protector of the country's natural resources was tailor made. The stark contrast between this policy and the public land giveaways indulged in by "régimen" governments made a convincing argument for the Radical cause.

Presentation of the administration's oil bills in September 1919, then, was motivated, at least in part, by electoral considerations. Apparently, the Radical's instinct for political survival was at least as strong a motivating force as the dream of Argentine industrial development and economic independence.

Periodically over the next three years, Yrigoyen approached Congress on the subject to oil legislation,

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<sup>15</sup>Ibid., December 17, 1919, pp. 4-5; January 12, 1920, p. 6; January 19, 1920, p. 5; January 21, 1920, p. 5; February 8, 1920, p. 3; February 27, 1920, p. 6. La Epoca's reports on campaign speeches are sketchy, often pointing out only general areas commented upon. Therefore, petroleum may have been mentioned much more often than the

encouraging passage of his proposals.<sup>16</sup> His efforts were seconded by the Minister of Agriculture in his department's 1919 Memoria. Demarchi noted the importance of special petroleum legislation as a stimulant to both the public and private sectors of the industry and impressed upon the legislators the urgency of either approving the administration's bills, or drafting a law of their own.<sup>17</sup>

Congress remained passive despite this persistent prodding. It sanctioned no law governing either the private or public sector of the oil industry and authorized no new investments in the state enterprise beyond the profits which that firm could show. A distinguished Argentine scholar of the Radical period, Roberto Etchepareborda, cites obstructionist tactics on the part of the Socialists and the Conservatives to explain not only the failure of Congress to pass petroleum legislation, but the general lack of legislative success which plagued Yrigoyen's administration.<sup>18</sup> Exonerating the Radicals on this basis,

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instances cited here.

<sup>16</sup>Senadores, Diario, 1921-1922, 17; Diputados, Diario, 1921, II, 211; Senadores, Diario, 1922, 88.

<sup>17</sup>M. de Agric., Memoria, 1919, 3, 18.

<sup>18</sup>Etchepareborda, "Yrigoyen y el congreso," 58-62.



however, fails to take into account the overpowering majority enjoyed by the President's party in the Chamber of Deputies. Undoubtedly, the opposition Deputies had no qualms about blocking proposals originating from the Casa Rosada, and the Senate stood as a conservative-dominated bulwark to the ultimate approval of any Radical measure.<sup>19</sup> Yet the question remains as to why the UCR did not push its priority measures, and particularly Yrigoyen's oil bills, through the Chamber where it enjoyed an almost two to one advantage over the combined opposition from 1920 to 1922.<sup>20</sup> Even the Chamber committees to which the petroleum proposals were directed for study were controlled by Radical chairmen and Radical majorities.<sup>21</sup> As La Vanguardia, the Socialist mouthpiece, pointed out, given these

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<sup>19</sup>In 1920 and 1921, the Senate was composed of 15 Conservatives, 1 Socialist and 8 Radicals, one of whom was a dissident Radical from Santa Fe Province. In 1922, 12 Conservatives sat in the Senate along with 1 Socialist and 9 Radicals, and again one of the latter was the Santa Fe dissident. Ibid., 63.

<sup>20</sup>In 1920, the Radicals held 102 seats in the Chamber as compared to 10 for the Socialists and 46 for the Conservatives. In 1921, 100 Radicals sat along with 10 Socialists and 45 Conservatives, and in 1922, there were 102 Radicals, 10 Socialists and 40 Conservatives.

<sup>21</sup>The bill on private concessions went to the Committee on General Legislation while the one on state exploitation went to the Committee on Agriculture. Only twice was the pattern of Radical domination of these committees broken. In 1920, Nicolás Repetto, the Socialist, chaired the Committee on Agriculture, and in 1922, the Radicals were outnumbered 4 to 3 on the Committee on General Legislation.

circumstances, Yrigoyen's repeated requests that Congress pass his oil bills had a hollow ring.<sup>22</sup>

The course pursued by the administration subsequent to the introduction of its petroleum bills, therefore, was marked by the same penchant for words rather than deeds that had characterized Yrigoyen's oil policy prior to 1919. It might seem fair to conclude, then, that the Radicals were mere political opportunists, their objective having been to drain the oil issue of all the political capital possible, while doing nothing to develop or protect the nation's petroleum resources.

While this conclusion is essentially correct, the explanation of the government's motives is incomplete. For it could be argued that if the Radicals were seeking political advantage, their best strategy would have been to promote passage of the national petroleum law which was recognized as a desirable end by Argentines of all political persuasions. To understand fully the government's choice of inaction over action we must consider the internal situation of the Radical Party. It is evident that while there was political leverage to be gained by talking about petroleum legislation, there was a good deal more to be lost by actively seeking passage of a law.

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<sup>22</sup>La Vanguardia, May 5, 1920, p. 1.

Yrigoyen's primary political objective during the latter years of his tenure was to insure victory for the Radical candidate in the 1922 presidential election. Only in this manner could he guarantee continuation of the "reparación" and prevent restoration of the "régimen". Threatening success in 1922 was the possibility that internecine conflict would sap the Radical Party's voting strength. From its inception, the party had been a strange conglomeration of potentially antagonistic elements, and during the second half of Yrigoyen's term, dissatisfaction among some Radicals with the President's dictatorial control over party affairs neared schismatic proportions. By 1921, radicals opposed to Yrigoyen's methods were meeting to discuss ways of preventing the President from personally controlling the party's 1922 nominating convention.<sup>23</sup> And in Congress, Yrigoyen did not enjoy the degree of control which the numerical alignment suggests. Out of the 1922 Radical contingent, at least 6 of the 9 Senators and 28 of the 102 Deputies were either already in open opposition to the party chief or would join the anti-Yrigoyen ranks with the definitive party split in

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<sup>23</sup>RRIAA, White to Hughes, August 16, 1921, 835.032/44; White to Hughes, September 15, 1921, 835.00/244; White to Hughes, February 13, 1922, 835.00/279, enclosure 1.



1924.<sup>24</sup>

Under these conditions, it was incumbent upon Yrigoyen to discourage the discussion of any issue which might have aggravated an already tense situation and precipitated an irreparable party rift before the elections. Oil was not in 1920 or 1922 the dominant and explosive issue it would become by 1927, but the question of federalization was a sensitive one. If the administration had forced a vote on its oil bills and a sufficient number of Radical Deputies had voted against federalizing the oil deposits, party solidarity and with it the Radical's chances for victory in 1922 would have suffered.<sup>25</sup>

Thus, Yrigoyen and the Radicals acted consistently on the issue of petroleum. Following a course dictated by political expediency, they offered a nationalist policy when it was convenient to do so, and ultimately opted for inaction for the same reason.<sup>26</sup>

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<sup>24</sup>Ibid.; Gabriel del Mazo, El radicalismo, Notas sobre su historia y doctrina (1922-1952) (Buenos Aires: Editorial Raigal, 1955), 36, 43-46; Federico Pinedo, En tiempos de la república, Vol. I (Buenos Aires: Editorial Mundo Forense, 1946), 49.

<sup>25</sup>Chargé Francis White reported from Buenos Aires that Congressional approval of Yrigoyen's oil bill was unlikely because of opposition among provincial representatives to federalization. RRIAA, White to Hughes, November 30, 1921, 835.6363/95.

<sup>26</sup>Although the case presented here is admittedly hypothetical, Yrigoyen's choice of Marcelo T. de Alvear as

As was the case during the 1916-1919 period, the failure of Yrigoyen's government to provide constructive leadership for national petroleum development was reflected also in its handling of the state oil company. From September 1919 until its reorganization in June 1922, the administration of the state enterprise followed the pattern of improvisation established after the dismissal of the Petroleum Commission in November 1917.

The three ranking officials in 1919 were Capitán de Fragata Felipe Fliess, field chief in Comodoro Rivadavia; Sebastián Flores, manager in charge of the Buenos Aires offices; and Joaquín Spinelli, head accountant and financial watchdog of the bureau.<sup>27</sup> Fliess continued to direct field operations until mid-September 1921 when he resigned and was replaced by Capitán de Fragata Antonio Abel on an interim basis and then by the new permanent head, Capitán de Fragata Francisco Borges. Flores also resigned in 1921, and Spinelli assumed his duties as well as retaining his position as "contador inspector". As a result, until June 1922, one man, Spinelli, was responsible for directing

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his successor supports this interpretation. The elevation of one of the party's leading "Blues" was intended to cement the diverging Radical factions.

<sup>27</sup>Spinelli's title was "contador inspector". For the Ministerial Resolution appointing Spinelli and defining his duties, see Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 203-204.

the Buenos Aires offices, advising himself on financial matters, and overseeing the bookkeeping operations of the company.

The issues which provoked Fliess's resignation provide some insight into the situation produced by the firm's haphazard management structure. After nearly four years of patient service, he was worn down by the frequent lack of Ministerial leadership, the consequent disharmony among subordinate personnel, and, particularly, the constant bickering between the officials in Comodoro Rivadavia on the one hand and those in Buenos Aires on the other.<sup>28</sup> Spinelli singled out this lack of harmony and coordination for special comment in a report to Minister of Agriculture Demarchi early in 1920.

With the sole exception of the "drilling and extraction division", the functioning of the departments of the bureau, including its bookkeeping division, was subject in practice to the standards, aptitudes and personalities of the separate department heads. That is to say, there was an absence of rules, regulations and practices which would have systematized and harmonized the functioning of the individual departments with that of the bureau as a whole.<sup>29</sup>

In May 1922, Spinelli pointed out another of the basic inadequacies in the administration of the state oil agency.

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<sup>28</sup>Ibid., 642.

<sup>29</sup>Ibid., 164.



In a note to the Minister of Agriculture, he lamented the fact that since 1917 such a vital task as the systematic study, preparation and authorization of the bureau's annual budget had been treated as a matter of secondary importance.<sup>30</sup>

Added testimony to the Yrigoyen government's mis-handling of state exploitation was given by Col. Enrique Mosconi following his appointment as Director of state operations in October 1922. After inspecting his new charges, Mosconi submitted two reports to Minister of Agriculture Tomás Le Breton in which he analyzed the factors hindering expansion of the state industry and recommended reforms.<sup>31</sup>

According to Mosconi, the primary obstacle facing the state enterprise was the absence of a national petroleum law clearly defining the objectives of state exploitation. Without first establishing these objectives, argued Mosconi, it was difficult to draft guidelines for the expansion of exploration and exploitation activities.

Another debilitating factor, second in importance only

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<sup>30</sup>Ibid., 444.

<sup>31</sup>Mosconi's two reports were submitted on November 18, 1922 and February 23, 1923. Copies may be consulted in Ibid., 545-556 (November 18, 1922), 636-720 (February 23, 1923). Further comments attributed to Mosconi are drawn from these reports unless otherwise indicated. Only direct quotes are footnoted.

to the legislative void, was

the absence [since 1917] of a directorate or administrative commission which operates with the autonomy that is indispensable to the efficient management of the industry, and which, being immune to petty political influences, can guide its efforts by a concern for only those things which promote the bureau's prosperity,....<sup>32</sup>

From these two basic deficiencies, contended Mosconi, arose many of the problems which had characterized state operations from 1917 to 1922 - low production at high costs, inadequate storage and transportation facilities, excessive numbers of administrative employees, and inconsistent if not arbitrary price-setting policies.

Some of Mosconi's most severe criticisms were leveled at the financial conduct and the bookkeeping practices of the state firm. On November 18, 1922 after his initial inventory of the company, he reported to Le Breton that,

the financial condition of this bureau can, beyond any doubt, be termed extremely bad. Lacking a budget that would guide its development, [the firm's] expenditures have increased extraordinarily in relation to its income,....<sup>33</sup>

So badly disorganized were the firm's books, that it took over four months of intensive work to straighten them out. Antonio F. Molinari, the government accountant saddled

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<sup>32</sup>Ibid., 638-639.

<sup>33</sup>Ibid., 546.

with that task, informed Mosconi that

There is no doubt that there have been deficiencies in both the system used and in its implementation, deficiencies which eventually can be corrected. It is also clear that there has been an absence of an established financial policy relative to long-term expenditures required by oil exploitation, a lack of control over such spending, and, therefore, as can be easily proven, a waste of public monies which must be checked in order to defend the interests of the state.<sup>34</sup>

Even admitting that it was to Mosconi's advantage to emphasize the negative aspects of state exploitation, there can be no doubt that the government enterprise was in a sad state of repair by 1922. It is not surprising that the Yrigoyen administration, as we shall see, consistently rebuffed efforts by opposition forces to publicize the facts about the post-1917 evolution of state oil exploitation.

Quite naturally, the government's handling of both the legislative and industrial aspects of the petroleum question aroused considerable criticism. Outstanding amidst the published commentary was a tendency to urge private investment as the key to increased production. This trend did not result from a flagging of the widespread nationalistic zeal for safeguarding the country's oil resources, but from the failure of state exploitation

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<sup>34</sup>Ibid., 698.



to produce oil on a scale commensurate with the nation's needs. As Rear Admiral M. J. Lagos (Ret.) informed his audience on July 7, 1922:

It is time that it was understood that a mine is of value when it is producing, that it is of no value while it lies unexploited, and that if every time capital proposes to exploit the mine, the owner tries to maximize his own profits (taking advantage of the gringos), it is clear that, generally speaking, the results will be unsatisfactory, and the mine will continue unproductive with the nation being the first to suffer for it.<sup>35</sup>

Among the major Buenos Aires dailies, La Nación branded the public industry a failure and stated that the future success of Argentine petroleum development depended upon the contribution made by private investors.<sup>36</sup> La Razón and La Prensa also counselled reliance upon private capital, but, unlike La Nación, they wanted to exclude foreign investment. La Razón advocated what it termed "a practical nationalism". In practice, this meant private investment by Argentines only, provision of new capital for expanding state operations, an autonomous bureau to run the state's interests, and the training of more Argentine nationals as petroleum technicians.<sup>37</sup>

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<sup>35</sup>M. J. Lagos, La política del petróleo; Contribución al estudio (Buenos Aires: L.J. Rosso, 1922), 110. Underlined words italicized in text.

<sup>36</sup>La Nación, November 17, 1919, p. 4.

<sup>37</sup>La Razón, November 1, 1919, p. 1; December 20, 1919,

La Prensa continued its campaign against government inaction, emphasizing the need for oil legislation and encouraging increased investment to expand production.<sup>38</sup> Reversing its former stand, however, it now supported the idea of combining state and private capital for developing the federal reserve in Comodoro Rivadavia. Leaving aside the question of the innate capacity of any government to administer an industrial enterprise, La Prensa argued in August 1922 that,

The Executive Branch has not been organized to act as an industrial entrepreneur, and the treasury does not hold the funds necessary for the [oil] business. For these two reasons, consideration should be given, as soon as possible, to a mixed enterprise employing state and private capital.<sup>39</sup>

La Vanguardia joined the chorus of critics demanding that the Yrigoyen government adopt a petroleum policy designed to increase the flow of domestic petroleum to the marketplace. Although approving of Yrigoyen's maintenance of Comodoro Rivadavia as a reserve for state activity, La Vanguardia compared the government to a miser who so carefully guarded his treasure that it was of no practical

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p. 4.

<sup>38</sup>La Prensa, January 5, 1920, p. 6; September 10, 1921, p. 6; August 6, 1922, p. 5.

<sup>39</sup>Ibid., August 8, 1922, p. 7. Another La Prensa article published on January 5, 1920 (p. 6) made clear that paper's preference for domestic over foreign capital.

value to him or anyone else.<sup>40</sup> If state control over the nation's oil deposits meant that they would remain unexploited, stated the Socialist organ,

we would not hesitate to support any other system of exploitation that would permit taking advantage of that wealth now.<sup>41</sup>

Public discontent with the government's oil policy found another outlet through Congressional channels. On August 24, 1920, Nicolás Repetto introduced a resolution requesting that the Minister of Agriculture come before the Chamber prepared with information on state oil exploitation.<sup>42</sup> In so doing, the articulate Socialist spokesman touched off extended discussions which occupied the Chamber's attention intermittently until the following April.<sup>43</sup>

At the outset, Repetto's thinly disguised intention was to engage Minister of Agriculture Demarchi in an open discussion of the government's petroleum policy on the floor of the Chamber. Sensing this, the Radical Deputies

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<sup>40</sup>La Vanguardia, July 7, 1920, p. 1.

<sup>41</sup>Ibid.

<sup>42</sup>Diputados, Diario, 1920, IV, 452.

<sup>43</sup>For the Chamber discussions which stemmed from Repetto's resolution, see Ibid., 1920, IV, 452-463, 698-711, 770-791, 838-873, 948-965; 1920; V, 410-413, 448-455, 482-483, 548-577; 1920; VII, 18-21, 351-369, 371-432, 435-470, 481-507, 510-538, 550-565, 572-596, 600-645, 650-693,



employed their numerical superiority to delete from Repetto's proposal a request for information concerning the "definitive mode of exploitation to be employed in the Comodoro Rivadavia fields," while lending their approval to a more innocuous application for statistical data on the state firm.<sup>44</sup>

When Demarchi refused to attend the Chamber and instead sent a written reply, Repetto resorted to an alternate plan of attack. He confronted the Chamber with a series of allegations to the effect that Finance Minister Domingo E. Salaberry had used his official position to gain advantages for the Astra petroleum company in which the Minister had an active financial interest.<sup>45</sup> Originally, Repetto

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699-722, 804-809.

<sup>44</sup>Specifically, Repetto requested information on the number of wells in the federal reserve, the monthly production, transport and sale of petroleum, and the contracts in existence for the sale of state oil.

<sup>45</sup>Salaberry was a partner in the firm of Salaberry and Bercetche, which held shares in the Astra oil company which had producing wells in Comodoro Rivadavia. Repetto alleged that Astra was being allowed to use the State's machinery, laborers and police, and that the crude oil which Astra sold to the State contained up to 30% water when the maximum tolerance level was 2%. He further charged that state owned ships were transporting Astra's oil to Buenos Aires for a minimal fee while Astra's own tanker was transporting freight back and forth from Brazil for rates considerably above what the company paid the State to transport oil. Finally, Repetto charged Salaberry with malfeasance in connection with the transfer of some property in the Dock Sur region of the Capital where government permission to build a depository for inflammables was involved. For the intro-

probably intended to explode these charges on the head of the Minister of Agriculture had Demarchi come to the Chamber, but now he settled for the appointment of an investigating committee.

Though the Radical Deputies put up a stiff resistance, their position was untenable. Had they voted down an investigation of Repetto's charges, the presumption of guilt would have lain as a heavy burden on both Salaberry and the administration. Left without recourse, the Radicals did the next best thing. They approved an investigating committee and staffed it with a majority from their own party. The committee's majority report, which was signed only by the three Radical members and approved by the Chamber, completely exonerated Salaberry.<sup>46</sup>

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duction of Repetto's charges, see Diputados, Diario, 1920, IV, 847-850, 956.

<sup>46</sup>Both the majority and the minority reports are printed in the Diario, 1920, VII, 18-21. On the basis of the Chamber debates, and in the absence of any documentation on the Committee's work, it is fair to conclude that the charge involving the Dock Sur lands was totally unfounded (see Delfor de Valle's refutation, Ibid., 1920, IV, 852-853, 951.), and that, at best, Salaberry was guilty of indiscretion for maintaining private oil interests while a government Minister. Salaberry's position was not enhanced by the fact that his dealings in the sugar industry were also under investigation, and the same committee which handled the petroleum charges was assigned to look into allegations that Salaberry had participated in import-export dealings designed to defraud the government of duty revenues. These latter charges were the subject of the minority report from the committee.

The significance of the prolonged and often heated Chamber exchanges lay not so much in the success or failure of Repetto's maneuvering as in the Radical's hesitancy to disclose information regarding the government's petroleum policy. The Radical Deputies were on the defensive throughout this affair, constantly back peddling in the face of the onslaught led by Repetto. When challenged on a matter of primary public importance, neither the UCR Deputies nor the administration came forward with evidence of a carefully considered policy designed to maximize the nation's benefits from its oil resources.

The consistent badgering of the government over its management of petroleum matters and the chaotic administrative condition of the state oil firm combined to produce the only positive and enduring contribution of Yrigoyen's first presidency to national petroleum development. Through an Executive Decree issued on June 3, 1922, Yrigoyen and his Minister of Agriculture created the "Dirección General de Yacimientos Petrolíferos Fiscales" (YPF) to administer the state industry.<sup>47</sup> In establishing what would eventually become a model government agency, however, Yrigoyen was reacting to events rather than shaping them. In particular, he was responding to mounting

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<sup>47</sup>YPF, Recopilación, I, 95-97.



pressure for a full scale inquiry into the post-1917 record of the state oil firm which arose after the resignation of Demarchi as Minister of Agriculture in March 1922.

Following Demarchi's departure, Foreign Minister Pueyrredón doubled as Agricultural Minister until the appointment of Eudoro Vargas Gómez to fill the post on April 8. Vargas Gómez, a native of Corrientes, had previously served the Yrigoyen government as a federal interventor in Mendoza and was the Second Vice President of the Radical Party.

Before holding office one month, the new Minister focused government and public attention on the state oil company. He stopped payment for goods and services delivered to it by domestic and foreign concerns, pending an investigation into alleged irregularities in the conduct of the firm's affairs which had been brought to his attention.<sup>48</sup> While no specific charges were made public, La Prensa reported from an extraofficial source that in a May 5th Cabinet meeting Vargas Gómez discussed a cutback in production in Comodoro Rivadavia due to insufficient storage and transportation facilities, the lack of a uniform market

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<sup>48</sup>La Prensa, May 2, 1922, p. 9, June 1, 1922, p. 10; La Nación, June 2, 1922, p. 4; RRIAA, Riddle to Hughes, May 10, 1922, 835.00/298.

price for state oil, irregularities in the firm's bookkeeping, and the increasing number of highly-paid administrative personnel in Comodoro Rivadavia.<sup>49</sup> In addition, questions were being raised about the management of the government-run store in Comodoro Rivadavia and the system used to pay laborers.<sup>50</sup> In short, Vargas Gómez was confronting essentially the same questions which would be treated later in Mosconi's reports.

Despite the seriousness of the charges, Vargas Gómez was unable to win support for an investigation from either the Cabinet or the President. While some Ministers backed his demand, others preferred simply to intervene the petroleum administration and place control in the hands of a committee similar to the one which existed prior to November 1917.<sup>51</sup> Lacking the executive support which was crucial to his designs, Vargas Gómez attempted to apply pressure through a personal boycott. Beginning on May 22, he refused to enter his office or to perform any of his duties as Minister of Agriculture. While officially pleading illness, he closeted himself in his La Plata home, emerging only to discuss the oil question with Yrigoyen

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<sup>49</sup>La Prensa, May 6, 1922, p. 11.

<sup>50</sup>Ibid., May 4, 1922, p. 8.

<sup>51</sup>Ibid., May 10, 1922, p. 7.

and/or the Cabinet.<sup>52</sup> Pressure for prompt executive action mounted with the report that when the 1922 Congressional sessions opened, Rodolfo Moreno Jr. (Conservative Party, B.A. Prov.) intended to introduce a motion requesting detailed information from the Executive Branch on the affairs of the state petroleum enterprise.<sup>53</sup>

Yrigoyen could delay no longer. At the same time, he was not about to sanction Vargas Gómez's investigation since it would disclose, if not malfeasance, at least the negligence and incompetence with which the state oil firm had been handled since 1917. His answer was the June 3 decree creating YPF.<sup>54</sup>

Aside from the first two articles which provided for the creation of YPF within the Ministry of Agriculture and placed the Plaza Huincul installations under YPF's jurisdiction, the decree clearly reflected the spate of charges which led to its issuance. Article 3 empowered the Minister of Agriculture to fix periodically the price for state oil

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<sup>52</sup>La Razón, May 31, 1922, p. 1, June 3, 1922, p. 1; La Prensa, June 1, 1922, p. 10, June 2, 1922, p. 11; La Vanguardia, June 2, 1922, p. 1; RRIAA, Riddle to Hughes, June 8, 1922, 835.00/302.

<sup>53</sup>La Prensa, May 3, 1922, p. 11. The regular 1922 Congressional sessions did not open until July.

<sup>54</sup>I have no information on why Vargas Gómez yielded and signed this decree. Given Yrigoyen's attitude toward ministerial advice, however, the outcome was not surprising.



products, and Articles 4 through 7 minutely detailed the procedures YPF was to follow in making all purchases.

Most interesting of all, however, was the final provision, Article 8:

The Ministry of Agriculture will authorize the payment of the accounts contracted by the present Petroleum Administration, [and] the Executive Power hereby approves the investments, accounts and activities authorized to date by the Ministry of Agriculture.<sup>55</sup>

Here was Yrigoyen's answer to the proposed investigation. He summarily wiped the slate clean and decreed a new beginning.

The outstanding characteristic of the June 3 decree was the extent to which ultimate control over state exploitation was left to the Minister of Agriculture. Not only was he empowered to set market prices, but his authorization was required at every stage of the process through which YPF was to make its purchases. This tendency toward exaggerated ministerial control was re-emphasized in Vargas Gómez's Ministerial Resolution on June 8, 1922 which spelled out the steps for implementing the decree.<sup>56</sup>

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<sup>55</sup>YPF, Recopilación, I, 97. The section of this article referring to approval of the accounts of the petroleum agency was contrary to Article 16 of the National Budget which provided that the bureau's accounts had to be submitted to the "Contaduría General de la Nación" for review.

<sup>56</sup>YPF, Recopilación, I, 98-102.

The new bureau, as it emerged from these two documents, was an advisory rather than a decision-making one. YPF was to function as a clearing house, gathering information on pertinent matters for presentation to the Minister of Agriculture. Particularly because of the lack of autonomy, there was little to distinguish YPF from the Petroleum Commission of pre-1917 days.

Yrigoyen's creation of YPF understandably drew fire from the opposition press. La Vanguardia described the new oil agency as "an absurd bureaucratic mechanism" whose only purpose was to spread "a pious cloak over such an ugly matter,"<sup>57</sup> while La Prensa charged that Vargas Gómez

had sponged off the slate of petroleum administration, a slate whose picture shocked him, and which [the administration] considered it expedient to write on anew without worrying about past incidents.<sup>58</sup>

Both papers criticized YPF's lack of autonomy,<sup>59</sup> but frustration was the keynote in their comments - frustration born of the knowledge that Yrigoyen had outmaneuvered the opposition and successfully whitewashed five years of mismanagement in the state petroleum firm. As La Vanguardia

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<sup>57</sup>La Vanguardia, June 8, 1922, p. 1.

<sup>58</sup>La Prensa, June 5, 1922, p. 5.

<sup>59</sup>La Vanguardia, June 4, 1922, p. 1; La Prensa, June 5, 1922, p. 5, June 21, 1922, p. 6.

put it,

For all the noise made, something else should have happened. We confess that our thunder has been stolen.<sup>60</sup>

One last, anticlimatic attempt to force the administration into a public disclosure of the facts surrounding the development of the public oil industry followed the opening of the 1922 Congressional sessions on July 6. Two weeks into the sessions, five Conservative Party Deputies, all from Buenos Aires Province and led by Rodolfo Moreno Jr., requested Chamber approval of a list of 51 questions addressed to the Executive Power on the subject of state exploitation.<sup>61</sup> There was nothing novel in the list. In fact, it was nothing more than a restatement of past allegations about the Radical government's conduct of the public's petroleum company.

From July 20 to July 28, Moreno, ably seconded by Nicolás Repetto, fought for approval of the questions in a debate frequently marred by heated exchanges.<sup>62</sup> Their

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<sup>60</sup>La Vanguardia, June 4, 1922, p. 1.

<sup>61</sup>Diputados, Diario, 1922, II, 39-41. For the ensuing debate, see 42-72, 214-251, 368-399, 442-451.

<sup>62</sup>So heated did the discussions become that five challenges for duels were issued and two were actually fought. La Prensa, July 29, 1922, p. 11, July 30, 1922, p. 12, July 31, 1922, p. 7; RRIAA, Riddle to Hughes, August 16, 1922, 835.00/360.



efforts, however, had little chance for success. Optimism beyond all reasonable bounds plus a large measure of political naiveté were necessary to believe that the Yrigoyen administration, less than three months from its termination, was going to divulge information which might tarnish its reputation. Radical Deputies loyal to the President used their voting power to emasculate the proposal, reducing the original 51 questions to 11 innocuous queries which could have been answered by reading the newspapers. Still, the administration was taking no changes. Not until February 1, 1923, long after Yrigoyen had left the Casa Rosada, did the Chamber receive a reply to its inquiries.<sup>63</sup>

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Viewed as an industrial venture, the state oil company displayed amazing resilience under chronic mismanagement. Few private businesses could have survived under similar circumstances. The firm's energies, however, were apparently dissipated in the fight for survival, for its

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<sup>63</sup>Diputados, Diario, 1922, VI, 128-129. The text of the reply was not printed in the Diario, but a copy may be consulted in Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 137-544. This document is dated August 23, 1922 and was prepared by Joaquín Spinelli. It was, therefore, at Yrigoyen's disposal had he chosen to submit it to the Chamber.

productive capacity expanded slowly from 1920 to 1922. In April 1919, Fliess, then the head man in Comodoro Rivadavia, presented the Minister of Agriculture with a five-year plan for increasing production in the federal reserve. He offered both a maximum and a minimum program, each to be financed from the sales of state oil. The minimum plan was based upon the continued use of the same number of drilling machines employed in 1919 and projected a yield of 300,000 m<sup>3</sup> of crude oil in 1920, 380,000 m<sup>3</sup> in 1921, and 430,000 m<sup>3</sup> by 1922. The maximum plan presupposed additional drilling apparatus and forecast the extraction of 650,000 m<sup>3</sup> of crude oil by 1922.<sup>64</sup> In reality, the Comodoro Rivadavia fields produced 226,554 m<sup>3</sup> in 1920, 277,807 m<sup>3</sup> in 1921, and 343,910 m<sup>3</sup> in 1922.<sup>65</sup>

In terms of domestic oil consumption, Comodoro Rivadavia supplied less than one-third of the national market in 1922, and the demand was expanding faster than

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<sup>64</sup>M. de Agric., Memoria, 1919, 18; Felipe Fliess, "El petróleo de Comodoro Rivadavia," Boletín del Centro Naval, XXXX (November-December 1922), 439-446.

<sup>65</sup>BIP, December 1936, 18. The Plaza Huincul installations remained under the control of the National Bureau of Mines until the June 3, 1922 decree creating YPF. YPF actually took over in December of that year. Production from these deposits was still minimal - 611 m<sup>3</sup> in 1920, 919 m<sup>3</sup> in 1921, and 4,978 m<sup>3</sup> in 1922. Ibid., 29.

the production capacity of the state enterprise.<sup>66</sup> Furthermore, Argentina imported well over 2,000,000 tons of coal in 1922.<sup>67</sup> In short, Argentina was becoming less rather than more self-sufficient in terms of fuel supply. Although problems with the acquisition of industrial machinery<sup>68</sup> and labor unrest<sup>69</sup> continued to hinder the state firm's development, the best tonic for its lagging growth rate would have been competent, efficient leadership in the top administrative positions.

As far as private exploitation was concerned, Yrigoyen

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<sup>66</sup>BIP, May 1927, 471. In 1922, Argentina consumed 1,073,599 tons of crude and fuel oil as compared to the state company's production in Comodoro Rivadavia of 320,863 tons. Private companies made up only a fraction of the difference with their 97,972 tons, while the remainder, 654,764 tons, was imported. Between 1921 and 1922, consumption rose nearly 150,000 tons, and the government firm increased its output by 65,420 tons; the figures for 1922-1923 were 170,000 tons of increased consumption as compared to an increase of 61,005 tons in state production.

<sup>67</sup>Ibid.

<sup>68</sup>D. G. de Explotación, Memoria, 1920, 67. The petroleum agency's 1921 Memoria explained that, in contrast to the war years, the problem of acquiring new machinery was not availability but inflation in the most prominent manufacturing countries which weakened the purchasing power of Argentina's foreign exchange. Memoria, 1921, 12-13.

<sup>69</sup>For comments on labor conditions in the state company, see Ibid., 1919, 5; Diputados, Diario, 1920, IV, 846 (Repetto); La Vanguardia, April 1, 1921, p. 1, March 20, 1922, p. 4, June 10, 1922, p. 1; RRIAA, Riddle to Hughes, June 6, 1922, 835.6363/146, enclosure 1. The major oil strike of this period occurred between December 1919 and March 1920 in the Comodoro Rivadavia fields. La Vanguardia's daily reports on the strike's progress provide the most complete, if biased, account of this incident.



maintained his policy of welcoming both foreign and domestic capital, while doing nothing to make petroleum investment an attractive proposition. Most importantly, the national oil law which had been promised since 1916 was still nonexistent. The administration's 1919 bill on oil concessions was prompted, according to Yrigoyen, by the desire to promote private production.<sup>70</sup> However, as we have seen, the Radicals made no serious effort to win Congressional sanction of that measure.

In the resulting legislative void, as one American official commented, the advisability of investing in Argentine oil depended upon whether or not

the Argentine Government, through its Bureau of Mines, is going to so supplement, and construe, and apply the provisions of the existing general Mining Code as to make it as easy and as favorable as possible for petroleum mining operation.<sup>71</sup>

The security of invested capital, therefore, depended as much upon the attitude of government officials as it did upon legal statutes. Even given the fact that the National Bureau of Mines, the department responsible for granting mineral rights, consistently pursued an "exceedingly liberal policy" with respect to oil concessions during the

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<sup>70</sup>Diputados, Diario, 1919, V, 481.

<sup>71</sup>RRIAA, Robertson to Hughes, June 1, 1922, 835.6363/147.

Yrigoyen years,<sup>72</sup> conditions were less than ideal for petroleum investment.

Among prospective investors, North Americans proved more hesitant to accept the prevailing legal situation than their European counterparts. Stanley C. Herold, a mining engineer experienced in the Argentine petroleum arena, explained what American investors were looking for.

We do not ask for unbounded liberality, nor do we seek special favors. We only want definite, practical regulations by which we can clearly abide without recourse to technical evasion of the law, and which will give our capital a chance of producing proper returns. Technical evasion of the law has a very bad taste to the oil capitalist, for he is aware of the risk involved. We may not accuse him for being an angel, but we may safely consider him a good business man....<sup>73</sup>

Specifically, the inducements Americans were seeking included larger land grants for exploration and exploitation, more time to conduct geological studies and drill test wells, assurances against prohibitive production and export taxes, and the exemption from import duties of necessary industrial equipment.<sup>74</sup>

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<sup>72</sup>Ibid.

<sup>73</sup>Ibid., Gibson to Hughes, December 29, 1921, 835.6363/100, enclosure 2.

<sup>74</sup>Ibid., White to Hughes, June 22, 1921, 835.6363/65; A.C. Veatch (Sinclair Exploration Co.) to Hughes, September 29, 1921, 835.6363/80; A.C. Veatch to Hughes, October 27, 1921, 835.6363/89; Gibson to Hughes

Without saying so explicitly, U.S. investors preferred conditions which would have permitted petroleum exploitation on the same large scale to which they were accustomed to operating in the United States and other foreign lands like Mexico. This, of course, was precisely what Yrigoyen did not want. Large-scale operations were impossible under the provisions of the 1886 Mining Code, and they also would have been out of the question had the government's bill on oil concessions become law. Minister of Agriculture Demarchi emphasized the government's position on oil trusts in a 1920 interview with Alberto A. Moreno, a representative of Standard Oil of New Jersey:

As you are no doubt aware, there has always been a prejudice against the encouragement of monopolistic tendencies in the development of the resources of the country, and to be quite candid with you, the Standard Oil Company has enjoyed the reputation of favoring those tendencies to the extent of requiring Government intervention. You would be welcome in Argentina only if you adjust yourself to the laws of the country.<sup>75</sup>

North Americans were also handicapped by their ignorance about Argentina, a condition attributable in part to the relatively recent entry of American capital into that

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December 29, 1921, 835.6363/100; A.C. Veatch to Hughes, February 17, 1922, 835.6363/108.

<sup>75</sup>Ibid., Wadsworth to Colby, October 30, 1920, 835.6363/38, enclosure 1.



part of the world. An Argentine oil man, explaining to Ambassador Stimson why Argentines preferred to deal with British rather than American capitalists, noted that Americans displayed little knowledge of Argentina's physical characteristics. American companies often arrived equipped for work in a tropical climate when the latitude of the Comodoro Rivadavia area was comparable to that of Maine or North Dakota in the United States. Furthermore, he added, Americans demanded excessive guarantees for their capital, while the British, who were familiar with the country, its people, and its government, knew how to operate effectively under existing conditions.<sup>76</sup>

American representatives in Buenos Aires cautioned that U.S. investors had to overcome their squeamishness on pain of being crowded out of the Argentine petroleum industry particularly by the British and the Germans.<sup>77</sup> Their warning, however, had little effect. Aside from the efforts of Standard Oil (New Jersey) to gain control over oil lands in Neuquén, Salta, and Jujuy, American capitalists

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<sup>76</sup>Ibid., White to Hughes, June 22, 1921, 835.6363/65.

<sup>77</sup>Ibid., White to Hughes, June 22, 1921, 835.6363/65; Stimson to Hughes, June 27, 1921, 835.6363/67; White to Hughes, December 23, 1921, 835.6363/101.

were content to let Europeans take the lead.<sup>78</sup>

Private and state exploitation remained separated, as the government refused to enter into a mixed company arrangement. The most serious offer along these lines came from the Lord Cowdray interests of London in 1920. After first approaching Yrigoyen through the Argentine Minister in London, Alvarez de Toledo, Cowdray sent an agent to speak with the President about joint state-private development of the federal reserve in Comodoro Rivadavia. Their negotiations broke off when the government refused to concede full technical control over the proposed operation to the private investors.<sup>79</sup>

Despite legal and other difficulties, both private production and speculation in exploration rights increased significantly between 1920 and 1922. Crude oil production rose from 35,372 m<sup>3</sup> in 1920 to 106,609 m<sup>3</sup> in 1922.<sup>80</sup> In

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<sup>78</sup>For the progress of Standard's activities in Argentina, see Ibid., Wadsworth to Colby, October 30, 1920, 835.6363/38; Warfield (Standard Oil) to Hughes, September 28, 1921, 835.6363/79; White to Hughes, November 30, 1921, 835.6363/95; White to Hughes, January 28, 1922, 835.6363/111, enclosure 1.

<sup>79</sup>La Epoca, July 4, 1920, p. 1; La Nación, July 10, 1920, p. 4; RRIAA, Bursley to Colby, January 9, 1920, 835.6363/16; Wiley to Colby, July 30, 1920, 835.6363/29.

<sup>80</sup>BIP, December 1936, 19-22. Of the four producing companies in 1922, all were located in Comodoro Rivadavia, two were formed with British capital, one primarily with German funds, and one with principally Argentine capital. RRIAA, White to Hughes, November 30, 1921, 835.6363/95.

absolute terms, the 1922 production level was not impressive, but due to the relative stagnation of state operations, private capital expanded its share of the total national production from 13.4% in 1920 to 23.4% in 1922.

More extraordinary was the literal explosion of speculative activity in petroleum exploration permits. In the best known oil districts - Chubút, Santa Cruz, and Neuquén - the government registered 322 requests for mineral exploration rights between 1917 and 1919. Between 1920 and 1922, 6,926 applications pertaining to those three areas flooded across government desks.<sup>81</sup>

The speculative nature of this activity clearly emerges from a comparison between the number of applications which were followed up by the original applicant until an exploration permit was actually issued, and the number which were transferred by the original applicant to someone else while the application was still pending government action. In the three oil districts mentioned above, the number of permits issued remained roughly the same for two periods 1917-1919 and 1920-1922 - 106 in the first case

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<sup>81</sup>D. G. de Minas, Memoria, 1923, 20-22. The figures given above represent the total number of requests submitted for mineral exploration rights, not solely those which related to petroleum. However, nearly all the requests for the three regions cited were for oil rights. Ibid., 13-14; RRIAA, Riddle to Hughes, April 18, 1922, 835.6363/138.



and 113 in the second.<sup>82</sup> At the same time, the number of transfers recorded jumped from 40 in the first period to 532 in the second. In nearly every case, the transfer involved a request for oil exploration rights being processed by the government.<sup>83</sup> In short, the objective of most of the original applicants was to gain paper rights over potential petroleum lands and to sell those rights at a profit. So prevalent was this type of activity that one American official saw fit to report in November 1921 that

All the good claims for oil are in the hands of big petroleum companies or of persons connected with or directed by them, with whom negotiation is impossible. When the prospecting permissions now pending with the Government will be granted [they] will form with the secured concessions the best of what can be obtained in Comodoro Rivadavia.<sup>84</sup>

The termination of WW I and the consequent renewed flow of capital in international circles was undoubtedly the prime factor in making funds available for investment in Argentine petroleum. In addition, the war experience magnified the importance of oil in war time and in peace, and, in so doing, made the petroleum industry and even more

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<sup>82</sup>D. G. de Minas, Memoria, 1923, 20-22.

<sup>83</sup>Ibid., 15, 38.

<sup>84</sup>RRIAA, White to Hughes, November 30, 1921, 835.6363/95. enclosure 6.

attractive and potentially lucrative field of investment.

Beyond this general incentive, the outburst of private speculation in Argentina may have been connected with the inauguration of Marcelo T. de Alvear as President in October 1922. Private interests may have been jockeying for position, attempting to gain control over as much oil land as possible in the hope that the Alvear administration would adopt a petroleum policy to their liking.

In December 1921, the American Embassy predicted that if Alvear were elected, legislation permitting large-scale petroleum operations would follow.<sup>85</sup> Six months later, after Alvear's election, the American Consul General restated the earlier prediction, adding,

the President-elect, Dr. Alvear, is a man of such family connections and personal antecedents as to inspire full confidence in the progressiveness of his coming administration. Accordingly, there would seem to be reason to feel sure that the National Government will not impose in the future an annual tax upon petroleum areas that would be unjust or confiscatory, and that it will not impose unreasonable production taxes upon mines located in the National Territories, or unreasonable export taxes upon oil.<sup>86</sup>

Another look at the figures on applications for

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<sup>85</sup>Ibid., White to Hughes, December 23, 1921, 835.6363/101.

<sup>86</sup>Ibid., Robertson to Hughes, June 1, 1922, 835.6363/147. See also, Riddle to Hughes, July 26, 1922, 835.6363/172.

exploration rights also suggests that investors were gambling on Alvear's policy. Of the 6,926 applications submitted between 1920 and 1922, 65% were submitted in 1922 when Alvear's succession was assured, and if you include 1921 when Alvear's choice as Yrigoyen's replacement was rumored, the figure reaches 90%.<sup>87</sup>

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As Yrigoyen's term drew to a close on October 12, 1922, there was little to distinguish the Argentine petroleum picture from what it had been on October 12 six years before. On the level of rhetoric, the Radical government had enunciated a nationalist oil policy which featured federalization of the nation's oil deposits, state exploitation of the Comodoro Rivadavia and Plaza Huincul reserves, and closely-regulated, small-scale private exploitation in all other areas. However, in practice it took no effective measures to implement this policy, and Yrigoyen's first administration bequeathed a petroleum record nearly barren of accomplishments. The oil question which had presented both a challenge and an opportunity to Yrigoyen in 1916 was passed to Alvear for solution.

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<sup>87</sup>D. G. de Minas, Memoria, 1923, 20-22.



## C H A P T E R I V

### ALVEAR I: THE MOSCONI ERA

Marcelo T. de Alvear's election as Yrigoyen successor was welcomed by interested observers for varying and even contradictory reasons. Alvear's long and close relationship with Yrigoyen, along with the superficial unity which still characterized Radical ranks, made plausible La Epoca's prediction that Alvear would continue the work of the "reparación".<sup>1</sup> It was expected that Alvear would seek and execute Yrigoyen's desires while the Party's chieftain took a constitutionally mandated six-year respite from the official seat of power.

Meanwhile, those connected with the private sector of the petroleum industry were looking for change. Conversant with Alvear's conservative reputation, they entertained guarded hopes that the new administration would relieve the legal uncertainty which had burdened the petroleum industry in the past and provide a framework which would

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<sup>1</sup>La Epoca, October 5, 1922, p. 3.

stimulate rather than intimidate private investment.<sup>2</sup> Both La Epoca and private investors were to be disappointed. The prediction of the one and the hopes of the other would fall victim to a strongly nationalistic petroleum policy which few expected from Alvear's government on October 12, 1922.

The overall record of Alvear's administration was no surprise to those who expected something of a conservative reaction after six years of Yrigoyenist Radicalism. Yrigoyen's long-time friend and political lieutenant directed his government along lines more consonant with 19th century liberalism than with the philosophy of increased governmental interference in social and economic affairs espoused by Yrigoyen. Favored with six years of domestic peace and prosperity, Alvear's term was discreet and correct. His biographer, Félix Luna, accurately sketched the general outlines of Alvear's government,

Certainly during the tranquil years of his presidency, state interference in national affairs was at a minimum....Given to imitating the general principles of the old European politics within the Argentine framework, Alvear believed in the virtues of a liberalism dedicated to preserving the status quo from afar.<sup>3</sup>

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<sup>2</sup>RRIAA, Robertson to Hughes, June 1, 1922, 835.6363/147; Riddle to Hughes, July 26, 1922, 835.6363/172.

<sup>3</sup>Félix Luna, Alvear (Buenos Aires: Libros Argentinos, 1958), 64.

The problem is, however, that the tenets of 19th century liberalism provide no clues for understanding the nationalistic oil policy of Alvear's government and particularly the vigorous support afforded YPF's development. Doctrinal consistency should have prompted Alvear to phase out state-funded industrial activity, leaving the field to interested private firms.

That this failed to materialize can be traced to at least three sources. First, state petroleum exploitation was an ongoing enterprise - part of the status quo - and to halt it would have aroused stiff opposition among its supporters. Secondly, as we shall see, during the Alvear years the case of the oil nationalists became increasingly popular, and, therefore, a government policy in accord with their demands was a political asset. Lastly, and most importantly, Alvear's conception of the Chief Executive's role in government made possible and even predictable a degree of doctrinal diversity in the government's policies.

Unlike Yrigoyen, he viewed excessive presidential authority as one of the key weaknesses in Argentine political life. Drawing perhaps upon his knowledge of European political institutions gained during long periods of residence abroad, Alvear preferred the position of moderator in a government actually run by carefully chosen and capable Ministers. This explains why his



Ministerial appointments were all men of outstanding reputation as opposed to the lesser figures who had served in Yrigoyen's Cabinet. Alvear's implementation of his concept of the Executive is reflected in the taunt from critics that his government was one of "eight presidents and a secretary general".<sup>4</sup> Given the Alvear approach, his chief subordinates were in a position to exercise a decisive influence on policy making. In the case of petroleum, both Tomás A. Le Breton, Alvear's first Minister of Agriculture, and General Enrique Mosconi, Director General of YPF (1922-1930), took full advantage of the opportunity.<sup>5</sup>

Intensive activity took place on two fronts of the petroleum question during the early months of Alvear's administration. Minister Le Breton, for his part, concentrated upon the dual problem of halting speculation in oil exploration rights and obtaining the long overdue national oil law. Mosconi, meanwhile, dedicated his efforts to reorganizing the state oil industry and turning it into a major producer of domestic fuel.

Le Breton's expertise lay in agricultural matters,

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<sup>4</sup>Del Mazo, El radicalismo, 24; Luna, Alvear, 57-58.

<sup>5</sup>Mosconi's rank was that of a Colonel when he took charge of YPF in 1922, but he was promoted to General in 1926 and will be referred to by that rank in the text.

but his initial concern as Minister was to stop the wild speculation in petroleum exploration rights which developed during the final years of Yrigoyen's presidency.<sup>6</sup> He wasted no time. His first official act was to instruct the Director of the National Bureau of Mines to suspend the processing of all requests for exploration permits and to conduct an investigation into the status of all pending requests. It was an unprecedented action, but one justified in Le Breton's mind by the need to halt the chaotic scramble for petroleum rights which threatened to cripple the industry.<sup>7</sup>

Speculators had found the road to profit paved by the archaic provisions of the 1886 Mining Code. Le Breton outlined the speculator's game for the Chamber of Deputies in October 1923:

[The speculator] requests exploration permits and seeks a buyer, but while he does not find one, he interrupts and prolongs the processing of his request. Thus, we find the situation where exploration works that should have been initiated within 30 days [of the submission of the permit request] have been delayed for five and one-half years with absolutely nothing having

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<sup>6</sup>See Chapter III, 125-127.

<sup>7</sup>Diputados, Diario, 1923, VII, 490.

been done until the day the desired buyer is found, and then that exploration permit which only cost 10 pesos is sold for 100,000 pesos....<sup>8</sup>

Central here is the fact that formal issuance of the exploration permit was not necessary to secure the applicant's claim to the lands concerned. The speculator's preferential rights were established with the registration of his request and were maintained while it was being processed.

Though not absolutely necessary, it was to the speculator's advantage to sell his rights before the exploration permit was issued. If he was unable to do so, he faced the expense of the official measurement and marking of his claim, along with the fact that his rights would then be secure for only the 300-day term of the permit.<sup>9</sup> More importantly, once a permit was issued,

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<sup>8</sup>Ibid., 489. Le Breton's reference to 10 pesos was to the cost of the official paper upon which all requests for mineral rights had to be submitted to the Bureau of Mines.

<sup>9</sup>Measuring the boundaries of a claim and placing the markers was one of the final steps before the permit was granted. Under ordinary circumstances this task was entrusted to the concessionaire, but in the case of valuable minerals like oil it was done by government employees at the expense of the concessionaire. In Chubút (Comodoro Rivadavia) and Neuquén (Plaza Huincul), the areas of primary interest to speculators, the cost of measuring a claim was about 1000 pesos. If a large number of permit requests reached the measuring stage, the speculator faced a considerable investment if he wanted to maintain his rights. Velarde, Las minas de petróleo, 41-42.



exploration work had to be started within 30 days and sustained for the duration of the grant. Failure to comply with these regulations meant the immediate termination of the concessionaire's rights.<sup>10</sup> Clearly, therefore, maximum profit lay in peddling exploration rights prior to issuance of the actual permit. The scale upon which some parties indulged in this activity may be gauged from the fact that in 1922 one individual had pending before the mining authorities 242 permit requests involving over 300,000 hectares of land, and another group had submitted over 1000 requests covering about 1,000,000 hectares.<sup>11</sup>

While there seems to have been little basis for the fears held in some quarters that speculation was aimed at, or would lead to, monopolization of Argentina's petroleum reserves,<sup>12</sup> it did create problems for nearly everyone

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<sup>10</sup>Ibid., 60-61. Le Breton suggested that failure to enforce these regulations in the past had facilitated the designs of speculators, (Diputados, Diario, 1923, VII, 489.) while the Bureau of Mines complained about insufficient funds to adequately inspect private works and enforce the law. D. G. de Minas, Memoria, 1923, 15.

<sup>11</sup>Diputados, Diario, 1923, VII, 489-490.

<sup>12</sup>Carlos E. Velarde who served as Chief of the Inspection Division of the Bureau of Mines during part of the Yrigoyen presidency denied there was any serious threat of monopoly. If the prospect arose, he claims, it could have been quashed simply by enforcing the requirement that each and every exploration lot be continuously worked. No company, he maintained, had sufficient resources to fulfill this condition on enough lots to monopolize any of the nation's oil districts. Velarde, Las minas de petróleo,

connected with the nation's oil industry. In the case of the National Bureau of Mines, the flood of exploration permit requests paralyzed the machinery for processing the applications. Unable to contend with the superabundance of work foisted upon it, the Bureau by 1922 was paying little or no attention to pending applications, and almost no permits were issued during the latter half of the year.<sup>13</sup> Le Breton's order to halt processing of exploration permits simply placed the official stamp on an administrative logjam inherited from the Yrigoyen administration.

Legitimate private investors intent upon developing oil deposits found their situation doubly complicated. Those seeking exploration lands were often forced to deal with speculators who not only received substantial prices for high-potential areas but frequently demanded a royalty as well on any oil discovered.<sup>14</sup> Investors who had permit requests pending before the authorities, either through original application or through purchase from speculators, encountered a different problem. Acting under the assumption that their requests would be processed in accord

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60-61.

<sup>13</sup>RRIAA, Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure.

<sup>14</sup>B. Menéndez, "Las concesiones de petróleo y los propietarios de tierra," La Acción, November 30, 1922, p. 5.

with the Mining Code, several companies had timed the arrival of exploration equipment and crews to coincide with the anticipated acquisition of their permits. When their permits were delayed, they went ahead with operations anyway and thereby created a new legal problem. If one of these companies discovered oil, would the government deny the firm exploitation rights on the grounds that the discovery had been made on land for which no valid exploration permit had been issued?<sup>15</sup>

Officials of the state enterprise were not happy about the effects of speculation either. They were especially anxious over the possibility that private interests would lay claim to all or most of the nation's oil lands and leave YPF without room for expansion.<sup>16</sup> Mosconi, in the light of this danger, actively supported the efforts to ferret out irregularities in the granting of petroleum rights and advocated the immediate creation of new federal oil reserves in the Patagonian area and in the northern and western reaches of the country.<sup>17</sup>

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<sup>15</sup>RRIAA, Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure; Gibson to Hughes, November 28, 1923, 835.6363/263, enclosure.

<sup>16</sup>Diputados, Diario, 1923, VII, 492 (from comments made before the Chamber by Minister Le Breton).

<sup>17</sup>Mosconi, El petróleo argentino, 128-129.



With speculation responsible for so many inconveniences, there appeared to be little reason for anyone to oppose Le Breton's attack on the problem. Private oil interests, however, regarded his order halting permit processing as an arbitrary and unfriendly act.<sup>18</sup> One observer suggested the new Minister was mistakenly trying to apply in Argentina theories about government control over business to which he had been exposed while he was Argentine Ambassador to the United States.<sup>19</sup> From a legal viewpoint, Le Breton's action may also have been questionable, but the true source of the private investors' negative reaction was not so much damage sustained as a general suspicion of any government measure that remotely suggested close control over or exclusion of private capital from Argentina's oil industry.

There is no reason to believe Le Breton wanted to eliminate the private sector. In May 1923, Bernard S. Van Rensselaer, a lawyer for Standard Oil of California, reported being told by Le Breton that

all serious companies which had undertaken work in good faith might safely proceed with their operations in the

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<sup>18</sup>RRIAA, Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure; Robertson to Hughes, September 11, 1923, 835.6363/249.

<sup>19</sup>Ibid., Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure.

assurance that they would be amply protected and fairly treated by the Government.<sup>20</sup>

Less than two years later, Le Breton confirmed this position in talks with Teodoro Becú, a lawyer representing Standard Oil of New Jersey. He assured Becu that the Alvear administration had favored private participation in the oil industry from the beginning, because the national government lacked sufficient financial resources to explore all the nation's oil territories.<sup>21</sup> Speculators rather than legitimate investors were the target of the government's policy which Le Breton described as "mines for the miners".<sup>22</sup>

Speculation was a nuisance, but it was merely an outgrowth of a more fundamental problem, the lack of adequate national petroleum legislation. Le Breton himself is alleged to have expressed amazement at the fact that

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<sup>20</sup>Ibid.

<sup>21</sup>Ibid., Riddle to Hughes, March 25, 1925, 835.6363/284, enclosure 8. According to Becú, Le Breton cited Comodoro Rivadavia as the only area where the government was interested in limiting private activity. Le Breton had also indicated to Van Rensselaer in 1923 that he was not pleased with private companies located hard on the boundaries of the federal reserve in Comodoro Rivadavia where they could, without expense, take advantage of exploratory work done by YPF. Ibid., Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure.

<sup>22</sup>Diputados, Diario, 1923, VII, 489.

foreign firms "dared" enter Argentina under existing mineral laws.<sup>23</sup> His first corrective step in this matter was an emergency measure intended to place petroleum beyond the province of the Mining Code until a definitive oil law was passed. In May 1923, he went before the Chamber's Finance Committee to request the insertion of a rider in the 1924 budget bill which would have empowered the Minister of Agriculture to use his own discretion in deciding which petroleum concessions would be made and under what conditions. His proposal was unanimously rejected.<sup>24</sup> Temporarily stymied, Le Breton turned to more conventional means, submitting two bills to Congress in September 1923 over his signature and that of President Alvear.<sup>25</sup> The more important of the two measures proposed

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<sup>23</sup>RRIAA, Robertson to Hughes, September 11, 1923, 835.6363/249.

<sup>24</sup>Diputados, Diario, 1923, IV, 516-517; RRIAA, Riddle to Hughes, May 23, 1923, 835.6363/222, enclosure. Romeo David Saccone, a member of the Finance Committee, paraphrased Le Breton's proposal for the Chamber this way, "The Executive Branch is empowered to grant concessions to companies whose interests would coincide with those of the State." (Diputados, Diario, 1923, IV, 516.) That Le Breton chose to present his proposal to the Finance Committee is explained by the fact that since 1915 the annual budget law had contained articles empowering the Executive Branch to reinvest profits earned by the state oil works, market state-produced products, etc.

<sup>25</sup>Ibid., VI, 244-256.



alterations in 33 provisions of the Mining Code, while the second bill outlined new procedures for handling applications for mineral exploration rights. Strictly speaking, they were not oil bills since they referred to mineral deposits in general. Each contained a number of articles which applied only to oil along with other articles which either did not apply to oil or did so only under special circumstances. This failure to concentrate specifically on petroleum is surprising in view of Le Breton's consistent emphasis on oil problems.

The basic premise of the proposed Mining Code reform insofar as it related to petroleum was described by President Alvear in a 1925 note to the Chamber requesting consideration of the bill:

It is indispensable to ensure that the exploitation of national fuel is carried out under legal conditions which assure perfect control of the national interests, and that the benefits of the mineral wealth fulfill the public needs at the provincial as well as the national level.<sup>26</sup>

Basic to the bill were two general provisions which would have federalized all mineral deposits and authorized their exploitation by the State. These were not new proposals, but their enactment would have altered fundamentally the

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<sup>26</sup>Ibid., 1925, IV, 307.

nation's mineral law, centralizing control over all mineral development in the hands of the national government.

The petroleum provisions would have required all private firms to be organized in accord with Argentine law, domiciled within the country, and subject to inspection regulations established by the Executive Power.<sup>27</sup> Exploration concessions were to be issued only to those who could prove their capacity to fulfill the conditions of the grant. Concessions were to consist of a maximum of 2000 hectares and to last for three years with possible extensions of up to one more year. While no limit was to be placed upon the number of concessions one person or firm might acquire, concessionaires were obliged to begin exploring each lot within six months of the issuance of the permit, maintain the work uninterrupted for the duration of the grant, and pay an annual tax of 100 pesos on each 500 hectares held plus a royalty of 20% on any crude oil and derivatives produced in the process of exploration.

If oil was discovered, the concessionaire was to be entitled to a 33-year renewable lease over an area ranging from 81 to 810 hectares depending upon the number of

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<sup>27</sup>Specifically prohibited from entering the Argentine oil industry were all foreign nations and any corporations in which a foreign government was a financial partner. This provision was obviously aimed at the Anglo-Persian syndicate in which the British government was a major stockholder.

discoveries made and the number of investors involved. The remainder of the exploration lot was to revert to the government either to be reserved for state exploitation or declared open for new private activity. Concessionaires were to pay a royalty of from 5 to 20% upon production depending upon the location of the wells and the quality of the oil. They were also to be liable for maintaining a level of production dictated by the Executive Power in accord with the conditions of the deposit. Finally, the bill prohibited either the transfer of petroleum rights or the exportation of oil without permission from government authorities.

There can be no doubt that this bill was designed with control of private companies in mind, but in some particulars it was more liberal than existing provisions of the Mining Code. Most important in this respect was the extension of the exploration period from 300 days to 3 and possibly 4 years. Furthermore, no limits were placed upon the number and location of exploration lots, and the maximum size of the exploitation grant was expanded from 567 to 810 hectares.<sup>28</sup> Concessionaires were also given protection

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<sup>28</sup>There was no limit on the location of exploration lots in the original Mining Code, but a Ministerial Resolution of January 31, 1911 declared there had to be a space equal to the size of a third lot (2000 hectares) between any two lots granted to the same party. It was an attempt to protect against the danger of one company obtaining exclusive rights over any single petroleum district. The



against any increase in taxes or royalties for the duration of their grant.

The bill on the processing of applications for mineral exploration rights was an attempt "to assure the just application of the Code and...protect the legitimate interests of those who dedicate themselves to mining."<sup>29</sup> It specified the data to be supplied to government authorities, the exact time periods for the execution of each step of the process, the penalties for failure to comply with the regulations, and, in cases involving privately owned lands, the procedures for settling disputes over the concessionaire's right of way. Insurance against speculation in petroleum rights was sought in two forms. First, all applicants had to prove ownership of adequate drilling equipment and deposit in the National Bank a sum equal to one-third of the value of that equipment. The money was to be returned only if the concessionaire started working his lot within 30 days of the issuance of his permit. Secondly, the rigid time limits established for the completion of each step involved in processing a permit request would have made it impossible for a speculator to keep his

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resolution had little effect, however, since companies simply took care never to request adjoining lots under the name of the same individual. Velarde, Las minas de petróleo, 58-59.

<sup>29</sup>Diputados, Diario, 1923, VI, 245 (from the message

request pending indefinitely while he sought a buyer.

The administration's bills stirred only limited comment. Expected praise appeared in the government's semi-official press arm, La Acción, along with a warning against Congressional failure to sanction the proposed reforms. Such inaction, it was observed,

would amount to conspiring knowingly,  
through error or incompetence, against  
the country's most vital interests,  
against the very future of the nation.<sup>30</sup>

The strongest criticism came from those most likely to be affected by the suggested reforms, the private investors. Sir John Cadman of the Anglo-Persian syndicate took the position that although the broad principles of the Mining Code bill were sound, its details were "too rigid and inelastic" given the technical difficulties of oil exploitation in Argentina.<sup>31</sup> El petróleo argentino, a semimonthly oil journal, claimed the bill bore no relationship to the needs of the nation's oil industry, and that the conditions proposed for oil concessions would

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which accompanied the bill).

<sup>30</sup>La Acción, October 18, 1923, p. 16; see also November 3, 1923, p. 16; November 17, 1923, p. 16.

<sup>31</sup>RRIAA, Robertson to Hughes, October 26, 1923, 835.6363/259, enclosure.

effectively exclude private capital from all areas except those in which oil deposits were known to exist and where, therefore, the investment risk was low.<sup>32</sup> The general reaction of private interests was summarized well in the comment of an official United States observer:

It is generally considered here that this project of law, if approved, will make petroleum matters even worse here than does the present Argentine Mining Code, and the project appears to have been drawn up by someone regrettably ignorant of petroleum mining and of the necessities of the case.<sup>33</sup>

Time was to prove that private investors had nothing to fear from these particular proposals since Congress virtually ignored them. Repeatedly the Executive Branch requested Congressional action, but to no avail. Le Breton himself appeared before the Chamber on October 17, 1923 to impress upon the Deputies the urgency of passing oil legislation.<sup>34</sup> His pleas went unanswered. President Alvear emphasized the same point in his messages opening the Congressional sessions of 1925, 1926, and 1927.<sup>35</sup> He included petroleum legislation among the topics selected for consideration in the 1925 and 1926 Extraordinary

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<sup>32</sup>"Las reformas al Código de Minería," El petróleo argentino, No. 11 (September 25, 1923), 1.

<sup>33</sup>RRIAA, Robertson to Hughes, October 11, 1923, 835.6363/255.

<sup>34</sup>Diputados, Diario, 1923, VII, 488-493.

<sup>35</sup>Senadores, Diario, 1925, I, 60-61; 1926, I, 37;



Sessions of Congress,<sup>36</sup> and on three occasions the President and the Minister of Agriculture sent notes to the Chamber specifically asking for approval of the bills submitted in 1923.<sup>37</sup> Through it all, Congress remained unmoved, and the administration's bills remained buried in Committee.

Forced to act without Congress, Le Breton and Alvear turned to the Executive Decree, the instrument used so frequently in the past in relation to petroleum matters. They signed two decrees on January 10, 1924 which, according to one Argentine scholar-statesman, "marked the opening of a new era in the defense of Argentina's oil wealth."<sup>38</sup> The first decree set aside for oil exploration by the National Bureau of Mines a massive three-part federal reserve totaling nearly 33 million hectares.<sup>39</sup> It encompassed practically all known and alleged petroleum land

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1927, 35.

<sup>36</sup>Diputados, Diario, 1926, VI, 12; 1927, I, 23.

<sup>37</sup>Ibid., 1925, IV, 306-307; 1926, III, 5; 1927, I, 23.

<sup>38</sup>Frondizi, Petróleo y política, 160.

<sup>39</sup>YPF, Recopilación, I, 145-146. The first segment of the reserve embraced the National Territory of Neuquén along with parts of the Territories of La Pampa and Río Negro (27,600,000 hectares). Segments two and three were smaller consisting of the mid-eastern sector of the Territory of Tierra del Fuego (430,000 hectares) and a block encompassing southeastern Chubut and northeastern Santa Cruz Territories (4,800,000 hectares). Three more Execu-

under the jurisdiction of the national government. No new requests for petroleum exploration permits relative to lands included in the reserve would be accepted by the mining authorities, and all pending requests were to be processed according to regulations to be established in the second decree.

The provisions of that decree followed closely the pattern set in the administration's legislative proposal of the previous September.<sup>40</sup> The objective again was to prevent speculative activity by demanding proof that applicants possessed the financial capacity for exploration and by preventing bureaucratic delays in the issuing of permits. Confirmation that this decree stemmed from Le Breton's announced policy of "mines for the miners" came in an interview he gave to a La Prensa correspondent:

With regard to the regulations established for persons who have already requested exploration rights in areas reserved by yesterday's decree, those regulations tended to favor the real miners and, at the same time, to avoid the abuses that have been committed in the past.<sup>41</sup>

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tive Decrees issued in 1927 at the request of YPF expanded the reserve to almost 40 million hectares. Lands were added in the western part of Chubút and in the western and southern parts of Santa Cruz. (Ibid., 255, 266, 270.) The task of exploration was originally entrusted to the Bureau of Mines, but YPF was subsequently authorized to aid in the work. Ibid., 163-164, 246.

<sup>40</sup>Ibid., 147-151.

<sup>41</sup>La Prensa, January 11, 1924, p. 12.

As a counteroffensive against speculation, these decrees were a spectacular success. On January 10, 1924 there were 7,237 applications pending before the Bureau of Mines for oil exploration rights involving 8,116,000 hectares. Slightly over three years later, on March 10, 1927, there were 72 applications covering 73,500 hectares.<sup>42</sup>

Supplementing the national government's policy of creating official reserves was the action taken by the authorities of several provinces. Governors issued decrees creating reserves that encompassed the entire provinces of Santa Fe and Entre Ríos, and substantial portions of Salta and Jujuy.<sup>43</sup> The combined national and provincial reserves left only some geographically uninviting areas in Mendoza Province where private interests might still request new exploration rights.

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For all of Le Breton's persistent and effective fight

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<sup>42</sup>D. G. de Minas, Producción de petróleo en la república argentina durante el año 1926 y otros datos mineros (Buenos Aires: D. G. de Minas, 1927), 1.

<sup>43</sup>YPF, Recopilación, I, 130 (Santa Fe, October 10, 1923), 165-166 (Jujuy, December 10, 1924), 170-171 (Salta, December 12, 1924), 191-192 (Entre Ríos, June 8, 1925). While the Santa Fe reserve was created prior to the national reserve, the introduction to the provincial decree indicates that the action was taken to coordinate Santa Fe's policy with directions already indicated by the national government.



against speculative waste, the commanding figure of the Alvear years insofar as petroleum was concerned was YPF's new Director General, 45-year-old Army Colonel Enrique Mosconi. The son of an Italian immigrant, Mosconi graduated from the Military Academy at the head of his class in 1894 and held a civil engineering degree from the University of Buenos Aires (1903). Assigned to the Army Engineering Corps, Mosconi traveled to Europe three times before WW I as part of study and purchasing commissions, and on two occasions he put in stints with the German Army. Regular promotions brought Mosconi to the rank of Colonel in 1917 and to the post of Director of the Army Air Force in 1920. In that capacity, Mosconi demonstrated the dedication, energy and extraordinary administrative talents which were to be the hallmark of his career with YPF.<sup>44</sup> He always believed that his accomplishments with the Army Air Force were a determining factor in his choice as YPF head in 1922.<sup>45</sup>

The details of Mosconi's appointment on October 19, 1922 are not entirely clear. Though a man of ability, his reputation did not extend beyond military circles. In fact,

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<sup>44</sup>The biographical data on Mosconi is from Raúl Larra's *Mosconi, general del petróleo* (Buenos Aires: Editorial Futuro, 1957), 14-24, 195-198.

<sup>45</sup>Mosconi, El petróleo argentino, 18.

neither the man nor his career were known to Alvear or Le Breton until just before the appointment was made.<sup>46</sup> Other than the need to procure fuel for his Army planes, Mosconi's involvement with oil matters prior to 1922 was limited to participation in the Second Engineering Congress held in Buenos Aires in 1921. He presided over the Committee on Aviation which discussed the importance of domestic oil to guarantee vital fuel supplies.<sup>47</sup> In short, his chief asset in October 1922 was his proven administrative expertise rather than knowledge of, or experience in the petroleum industry. In estimating the importance of this asset, it is well to keep in mind that the state oil enterprise was sadly disorganized in October 1922 and much in need of strong, disciplined leadership.

Alvear permitted his Ministers considerable latitude in the choice of administrative subordinates, and, therefore, the actual choice of Mosconi was made by Le Breton. Le Breton first offered the YPF Directorship to a friend who in declining called the Minister's attention to Mosconi's name. After looking into Mosconi's background

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<sup>46</sup>Larra, Mosconi, 33-34; Frondizi, Petróleo y política, 154. Unless otherwise indicated, the details of Mosconi's appointment are taken from Frondizi.

<sup>47</sup>Mosconi, El petróleo argentino, 16. Mosconi's report to the Congress contained no specific recommendations concerning petroleum, Enrique Mosconi, Dichos y hechos, 1904-1938 (Buenos Aires: Librería "El Ateneo",

and speaking with both the candidate<sup>48</sup> and the Minister of War, Agustín P. Justo,<sup>49</sup> Le Breton made his choice.

In addition to his administrative talents, Mosconi brought to his new post two convictions which would influence his actions throughout his career with YPF. He firmly believed that the State could run an industrial enterprise effectively, and that under no conditions should control of the domestic petroleum market be abandoned to large foreign firms. Against doubters, Mosconi defended the feasibility of government-run industries given high administrative standards and exemption from political interference.<sup>50</sup> In the final meeting of YPF's Administrative Commission held during Alvear's presidency, Mosconi traced much of YPF's success to the fact that the President

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1938), 93-95.

<sup>48</sup>La Epoca, October 19, 1922, p. 1.

<sup>49</sup>La Prensa, October 19, 1922, p. 12. According to Frondizi, Mosconi never knew the circumstances surrounding his appointment. Larra contends that Alvear originally considered appointing Mosconi as Minister of Public Works, but changed his mind when warned by War Minister Justo against including too many military men in the Cabinet. (Larra, Mosconi, 33-34.) This undocumented account may have some substance to it, but it runs counter to Alvear's known practice of choosing prestigious figures for Cabinet posts.

<sup>50</sup>Mosconi, El petróleo argentino, 13-14, 183-184.



and his Ministers had met these requirements:

The Executive Power has been primarily responsible for the accomplishments which the Petroleum Administration believes it has achieved, because the President of the Nation,...., seconded by Ministers Dr. Le Breton and Engineer Mihura, has set and maintained standards necessary for effective management, standards which excluded entirely political influence. That is an indispensable condition for the success of an industrial and commercial enterprise....<sup>51</sup>

With regard to the domestic petroleum market, Mosconi consistently emphasized the need to increase YPF's production to the point where the state industry could exercise a controlling influence in setting market prices. In 1936 when Mosconi looked back upon his eight years with YPF, he placed attainment of this objective at the top of his list of accomplishments.<sup>52</sup> He dated his drive to control the foreign "trusts" from an incident which occurred while he headed the Army Air Force. When the manager of a Standard Oil affiliate denied him delivery of aviation fuel on anything but a cash-and-carry basis, Mosconi, according to his own account, swore on the spot "to cooperate by all legal methods in breaking the

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<sup>51</sup>YPF, "Acta No. 831," (October 9, 1928) (Located in the collection of the Centro de Estudios Nacionales, Buenos Aires), 50-51. Emilio Mihura replaced Le Breton as Minister of Agriculture on September 1, 1925.

<sup>52</sup>Mosconi, El petróleo argentino, 16-18.

trusts."<sup>53</sup> Whether this incident alone was responsible for kindling the fires of economic nationalism in Mosconi is difficult to tell, but certainly his words and deeds as YPF's chief would display an aggressive nationalist, anti-trust tone.

Mosconi's appointment touched off a six-month long house cleaning in the state oil agency. He thoroughly investigated the past history and the existing condition of his new charges, calling in a state auditor to go over YPF's books, and writing exhaustive reports to Le Breton describing his findings and recommending changes.<sup>54</sup>

On a list of twenty-three suggested reforms submitted to the Minister on February 23, 1923, top priority was assigned to the need for petroleum legislation on the one hand and for reorganization of YPF's administrative structure on the other.<sup>55</sup> Congress held the key to the legislative problem, but administrative remodeling was subject to immediate and independent Executive action. Mosconi's objection to the structure of YPF lay in the lack of

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<sup>53</sup>Ibid., 17.

<sup>54</sup>For a summary of Mosconi's more important criticisms of how the agency had been run in the past, see above, Chapter III, 102-104. One report of interest not cited in those pages was sent to Le Breton by Mosconi after the latter visited Plaza Huincul. See Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 560-621.

<sup>55</sup>Ibid., 636.

autonomy under which the bureau was forced to labor. He complained to Le Breton on November 18, 1922 that Yrigoyen's administration had made YPF

so dependent upon the [Agriculture] Ministry that it was impossible for the agency to employ the commercial procedures which are essential to any industrial enterprise, a category within which state oil exploitation must be placed.<sup>56</sup>

Mosconi's request for more independence was accommodated through an Executive Decree issued April 12, 1923.<sup>57</sup> No longer would YPF operate solely as an advisory body with decision-making power monopolized by the Minister of Agriculture. Henceforth, the Director General and a six-man Administrative Commission would exercise nearly autonomous control over YPF's activities. Ministerial approval would be necessary only for the department's annual budgets, for credit operations, and for major purchases as in the case of petroleum tankers and refining equipment. The willingness of Le Breton and Alvear to oblige Mosconi on this point was a manifestation of the Executive support YPF would receive throughout Alvear's administration.

Fully aware of his problems and resources and armed with an administrative mechanism of his own design,

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<sup>56</sup>Ibid., 549.

<sup>57</sup>YPF, Recopilación, I, 115-119.



Mosconi set about the task of producing "the most oil possible at the lowest cost possible."<sup>58</sup> He and his subordinates devoted their energies to improving and expanding every phase of the industry from exploration and production to transportation, distillation, storage, and commercialization. The key to progress, however, lay less in developing the necessary auxiliary services than in harmonizing them to achieve the goal of the highest production at the lowest cost. This is precisely where Mosconi's administrative talents asserted themselves, guaranteeing an efficient coordinated operation. His success allowed Mosconi to bequeath to the nation a vertically integrated state oil industry when he stepped down as Director General in September 1930.

Statistics do not tell the entire story, but a comparison of several growth indices for 1923 and 1928 provides a measure of YPF's expansion during the Alvear years. The firm's capital base grew from 61,969,913 \$m/n to 166,291,826 \$m/n.<sup>59</sup> The number of drilling apparatus increased from 39 to 53, total meters drilled from 28,303 to

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<sup>58</sup>Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 703.

<sup>59</sup>YPF, Desarrollo de la industria, 230.

108,640, new wells from 53 to 168, and producing wells from 144 to 660.<sup>60</sup> Gross production of crude oil spurted from 407,186 to 860,604 m<sup>3</sup>,<sup>61</sup> storage capacity went from 265,959 to 504,307 m<sup>3</sup>,<sup>62</sup> and the capacity of YPF's maritime fleet increased from 22,700 to 50,236 tons.<sup>63</sup>

Other significant improvements were less easily quantified.<sup>64</sup> In Comodoro Rivadavia, electricity was provided for the field's power needs, and docking facilities were improved. Steps were taken to train technical personnel at home and abroad, while living conditions for laborers were improved through new housing, schools, hospitals, churches, food cooperatives and amusement facilities. In the Federal Capital, Argentines were treated to evidence of YPF's rising fortunes in the form of an impressive new office building on Paseo Colón. Finally, and most significantly for YPF's commercial expansion, a

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<sup>60</sup>Ibid., 213, 249. These figures do not include YPF's work in Salta which only began in May 1928.

<sup>61</sup>BIP, December 1936, 18, 29, 34.

<sup>62</sup>YPF, Desarrollo de la industria, 378.

<sup>63</sup>Ibid., 363.

<sup>64</sup>For a concise summary of YPF's year by year activities, see Ibid., 77-165 (Comodoro Rivadavia), 245-249 (Plaza Huincul); YPF, "Acta No. 831," 5-35.

major refinery was constructed in La Plata, the capital of Buenos Aires Province.<sup>65</sup>

Since the marketing of petroleum by-products was potentially the most profitable phase of the oil business, discussion about installing a state refinery was nearly as old as the 1907 Comodoro Rivadavia discovery itself.<sup>66</sup> Yet by 1922, small distilleries in Comodoro Rivadavia and Plaza Huincul represented the sum total of state refining activity. After taking over as Director General, Mosconi became an enthusiastic advocate for the building of a major state facility. On May 20, 1923, he sent a memorandum to Le Breton emphasizing the importance of the undertaking and submitting a concrete plan for a plant. Le Breton and Alvear responded with a request to Congress for authorization to invest 20,000,000 pesos in the state oil industry, part of which would be earmarked for building refineries.<sup>67</sup> While Congress ignored the bill, and private interests attacked it as another step in the Le Breton-Mosconi plot

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<sup>65</sup>For a complete and convenient summary of the building of the La Plata plant, see Mosconi, El petróleo argentino, 113-119. Unless otherwise indicated, the following comments are based upon that account plus YPF, Desarrollo de la industria, 309-331.

<sup>66</sup>Fliess, "El petróleo y Comodoro Rivadavia," 439-440, 446; La Epoca, December 24, 1920, p. 2, December 23, 1925 p. 1.

<sup>67</sup>Diputados, Diario, 1923, III, 296-298. The money was to have been borrowed and repaid out of YPF's earnings.



to suffocate private exploitation,<sup>68</sup> YPF negotiated a preliminary agreement with the Bethlehem Steel Company (U.S.) for the construction of a distillery in La Plata. The financial problem was solved by a Ministerial Accord signed on December 31, 1923 which authorized the use of credit operations to fund the proposal.<sup>69</sup> With all roadblocks removed, construction was begun in January 1925, and on February 1, 1927 YPF personnel took charge of a fully functioning installation equipped for "topping" or primary distillation and for "cracking" gas oil in order to increase the yield of gasoline.<sup>70</sup> Subsequently, the La Plata facilities were expanded with the addition of a "cracking" plant designed to increase the gasoline yield by

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<sup>68</sup>RRIAA, Robertson to Hughes, June 26, 1923, 835.6363/232, enclosure.

<sup>69</sup>YPF, Recopilación, I, 138-140. The fact that the section of the budget law which constituted the only legislative basis for state oil exploitation did not authorize the use of credit operations by YPF placed Executive authorization of such activity upon questionable grounds. Recognizing this, the Ministerial Accord reasoned that since the budget law authorized reinvestment of YPF's earnings to increase production, the investment in a distillery was in accord with the law. The decision as to how the investment was actually made, it was argued, was up to the Executive.

<sup>70</sup>"Topping" is the initial refining process which yields gasoline, kerosene, gas oil and fuel oil. The latter two may be "cracked" to increase the yield of by-products.

breaking down the fuel-oil residue of primary distillation.<sup>71</sup>

Construction of the refinery marked an important plateau in the vertical integration of the state industry. No longer limited to the production of crude oil, YPF emerged after 1925 as an increasingly powerful force in the domestic petroleum market. State sales of crude oil fell from nearly 500,000 tons in 1925 to just over 4,000 tons in 1928.<sup>72</sup> During the same years, sales of fuel oil shot up from 25,753 to 434,799 tons, kerosene sales from 4,578,073 to 25,578,730 liters, and gasoline sales from 5,941,538 to 100,050,105 liters.<sup>73</sup> Argentines, who before 1926 could purchase YPF's products at a single distribution center in Buenos Aires, found them available in 1928 at over 900 locations throughout the Federal Capital and the interior of the nation.<sup>74</sup>

Despite YPF's dramatic advances under Mosconi,

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<sup>71</sup>Mosconi, El petróleo argentino, 119-121; YPF Desarrollo de la industria, 331. This plant too was constructed by Bethlehem Steel. It was handed over to YPF in working order on February 26, 1929.

<sup>72</sup>Ibid., 389.

<sup>73</sup>Ibid., 391. Due to the nature of the sources, all the figures cited in this study on the production and sale of gasoline contain small quantities of airplane fuel as well.

<sup>74</sup>Ibid., 399. The actual task of retailing YPF products was subcontracted to J.F. Auger and Co. from 1926 to 1929.

Argentina remained a major fuel importer. President Alvear set the goal of self-sufficiency for his administration in his address opening the 1923 Congressional sessions,<sup>75</sup> and on the same occasion in 1925 he predicted rapid fulfillment:

Petroleum production will soon be sufficient to satisfy the national market, and definite assurances can be given that fuel autonomy is a fact.<sup>76</sup>

Yet by 1928, YPF's increased productivity combined with a marked rise in private production still left a sizeable "fuel gap" that had to be plugged through importation.<sup>77</sup> In 1928 when YPF registered fuel oil sales of 434,799 tons, Argentina imported an additional 806,741 tons; kerosene

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<sup>75</sup>Senadores, Diario, 1923, I, 24.

<sup>76</sup>Ibid., 1925, I, 60. While the figures which follow make Alvear's prediction seem ridiculous, the conditions under which it was made must be taken into account. Not only was the La Plata refinery under construction, but Le Breton and Alvear had approved an expansion plan for YPF drafted by Mosconi and the Administrative Commission that promised state production of crude oil would reach 1,943,000 m<sup>3</sup> by 1927. In fact, production in 1927 would be only 822,875 m<sup>3</sup>. YPF, "Acta No. 831," 8-9; Eduardo M. Gonella, La explotación oficial del petróleo; Su evolución económica y financiera (Buenos Aires: Imprenta de la Universidad de Buenos Aires, 1927), 57-58.

<sup>77</sup>Private production rose from 123,023 m<sup>3</sup> in 1923 to 581,459 m<sup>3</sup> in 1928. In terms of total national production of crude oil, the private sector's share increased from 23.2% to 40.3%. Nearly all (92.7%) private production came from Comodoro Rivadavia, and while 15 companies contributed to the 1928 total, 3 firms accounted for almost 87% of it; Compañía Ferrocarrilera de Petróleo (owned by British



sales of 25,578,730 liters were supplemented with 60,969,822 imported liters, and the figures on gasoline were 100,050,105 liters sold by YPF and 398,789,485 liters imported. Coal imports likewise remained high, increasing from 2,579,466 tons in 1923 to 3,121,969 tons in 1928.<sup>78</sup> The financial handicap imposed by the lack of fuel autonomy is apparent from the fact that in 1927 outlays for foreign coal and petroleum products amounted to over 40% of the total value of the nation's imports.<sup>79</sup>

YPF's emphasis upon maximum production was spurred not only by the desire to attain fuel autonomy, but also by the need to awaken public confidence in the state industry. As in the pre-1922 period, state exploitation was often greeted with indifference if not hostility. While most were forced to admit the feasibility of state exploitation in Comodoro Rivadavia, a considerable body of opinion advocated halting operations in Plaza Huincul where YPF by 1925

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Railroads), Astra (primarily German with some Swiss and French capital), Compañía Industrial y Comercial de Petróleo (Anglo-Persian affiliate). BIP, December 1936, 19-28, 30-31, 33, 35.

<sup>78</sup>Importación de combustibles y lubricantes. Nafta y Caminos (BIP Reprint) (Buenos Aires: Talleres Gráficos R. Canals, 1938), 12, 15, 30.

<sup>79</sup>"Expresión gráfica de hechos económicos," Revista de Economía Argentina, XXI (August 1928), 94.

had still not turned a profit.<sup>80</sup> Mosconi, testifying before the Chamber Committee on Industries and Commerce, noted the debilitating effect of public opinion which "consistently feeds on malignant rumors." The resulting mental strain on the firm's employees

leads to wariness and, therefore, to a too frequent turn over in high level personnel, something which is contrary to improving administration.<sup>81</sup>

The danger to YPF posed by public indifference became apparent when the Administrative Commission attempted to market the bond issue to finance construction of the La Plata refinery. No purchasers could be found until a member of the Commission, Dr. Carlos Madariaga, offered his personal fortune as a guarantee to prospective investors.<sup>82</sup> YPF encountered similar problems in the retail market. The absence of public confidence combined with a campaign by private oil interests to discredit YPF's products forced YPF officials to visit retail distribution centers and

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<sup>80</sup>La Acción, October 30, 1925, p. 3. Though the crude oil from Plaza Huincul was of higher quality than that from Comodoro Rivadavia, freight costs for transporting it to the La Plata refinery were prohibitive, doubling production costs. Gonella, La explotación oficial del petróleo, 25.

<sup>81</sup>Diputados, Comisión de Industrias y Comercio, Anexo a la orden del día No. 66; Antecedentes de la comisión de Industrias y comercio en el proyecto de ley orgánica del petróleo (Buenos Aires: Imprenta de la Cámara de Diputados, 1926), 55. See also BIP, No. 4 (December 1924), 311-312.

<sup>82</sup>YPF, "Acta No. 831," 50.

attempt to convince motorists of the quality of state-produced commodities.<sup>83</sup> It is not surprising, therefore, that YPF's authorities emphasized increasing production as a means of presenting tangible and convincing evidence that the state industry was serving the nation.

The price of YPF's single-minded concentration on production was insufficient exploration of Argentina's presumed oil reserves. Denied additional funds by Congress and, therefore, entirely dependent upon profits for expansion, it would have been unreasonable to expect YPF to have financed extended exploration either of its original reserves in Comodoro Rivadavia and Plaza Huincul or of the massive stretches set aside by the January 10, 1924 decree. Exploratory wells sunk by private companies outnumbered those of YPF by almost 3 to 1 in the Alvear years.<sup>84</sup> No less an authority than the Ministry of Agriculture admitted in 1932 that since the Bureau of Mines discovery at Plaza Huincul in 1918, "serious exploration or the search for new deposits by the State has been almost non-existent."<sup>85</sup> As

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<sup>83</sup>Frondizi, Petróleo y política, 169-170; Mosconi, El petróleo argentino, 128.

<sup>84</sup>Frondizi, Petróleo y política, 165.

<sup>85</sup>Quoted in Eduardo I. Rumbo, Petróleo y vasallaje; Carne de vaca y carnero contra carbón más petróleo (Buenos Aires: Hechos e Ideas, 1957), 62.



a result, YPF's crude oil production flowed almost exclusively from the vein tapped in 1907, and plans for expansion had to be formulated without full knowledge of underground reserves.<sup>86</sup> The petroleum potential of the areas reserved in 1924 remained a mystery, unexplored by the State and inaccessible to private interests.

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Mosconi and the Administrative Commission were primarily concerned with YPF's industrial development, but petroleum legislation was also a matter of interest to them. Actually it was impossible to separate the two phases of the oil question, because any decision on the legal framework for national oil development was bound to have repercussions on the scope and direction of the state industry. Repeatedly, Mosconi pinpointed the lack of comprehensive legislation as a critical problem and requested that his superiors pressure Congress for passage of a law.<sup>87</sup> On August 6, 1926, testifying before the Chamber Committee on Industries and Commerce, he warned that YPF's continued success was endangered by the absence

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<sup>86</sup>In 1928, over 94% of YPF's crude oil came from the central field in Comodoro Rivadavia. No new vein was tapped until the following year when production from the central field began to decline. Ibid., 49.

<sup>87</sup>Diputados, Yacimientos petrolíferos fiscales; Antecedentes, I, 636; Diario, 1926, III, 610-613, 624-627.

of adequate legislation.<sup>88</sup> And less than a month later on the occasion of his promotion to General, Mosconi informed a gathering of well-wishers that although YPF had accomplished much since 1922, more would have been done had Congress cooperated by providing an oil law.<sup>89</sup>

Mosconi's specific recommendations for a law must be prefaced by a glance at petroleum matters as they were unfolding in the northern provinces of Salta and Jujuy. Events in that theater helped shape Mosconi's thinking, thrust him onto center stage in the debate over petroleum legislation, and stirred public concern over national petroleum policy.

In 1923 and 1924, the mining authorities in Salta and Jujuy faced the same situation as the National Bureau of Mines.<sup>90</sup> Nearly all the supposed oil lands within their

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<sup>88</sup>Diputados, Comisión de Industrias y Comercio, Anexo a la orden del día No. 66, 50.

<sup>89</sup>Mosconi, Dichos y hechos, 133.

<sup>90</sup>Unless otherwise indicated, this brief account of events in the North is based upon the following sources: "El Intransigente", El petróleo del norte argentino: Comentarios del diario "El Intransigente" de la ciudad de Salta (Salta: Imprenta C. Velarde, 1928), v-xxxii (prologue by E. Mosconi); Diputados, Diario, 1926, III 610-613, 624-627 (two notes from Mosconi to Le Breton), 1926, VI, 757-766 (memorial to the Chamber from the Executive Power of Salta Province); Provincia de Jujuy, El petróleo y la constitución nacional (Jujuy: Talleres Gráficos del Estado, 1926). One of the best compilations of documents on this matter appeared in BIP, No. 28 (December 1926), 1321-1404.

jurisdictions were the subject of requests for private exploration permits. In Salta alone, 563 such applications awaited processing by late 1924, and in August 1923 representatives of Standard Oil of New Jersey (SONJ) unsuccessfully approached Salta's Governor, Adolfo Güemes, with a proposal which would have given SONJ development rights over 90,000 hectares for 20 years.<sup>91</sup>

In December 1924 after YPF expressed interest in undertaking exploratory work in Salta and Jujuy, Le Breton commissioned Mosconi to personally contact the provincial Governors and discuss the situation created by the numerous applications for exploration permits. Mosconi's objective was to obtain provincial action similar to that taken by the national government in its January 10, 1924 decrees, action which would have compelled serious companies to explore their grants and forced to the sidelines those with purely speculative interests. The lands recovered from speculators were to be turned into a reserve where YPF could carry out geological studies and exploratory drilling. He returned to the Capital convinced of the success of his mission. In each province, two decrees were issued

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<sup>91</sup>Güemes was an Yrigoyenist Radical. SONJ's representatives included the conservative lawyer-politician Francisco M. Uriburu. A member of the Unión Provincial, the Salta conservative party, Uriburu had served as a National Deputy from 1914 to 1918.



in December 1924 which followed the pattern established by the national decrees of the preceding January. Reserves were created which the national government was expected to explore, and stiff regulations were set up for processing applications for exploration permits.<sup>92</sup>

Over the next two years, Mosconi changed his mind about the fate of his trip to the North. In a series of communiques to Le Breton, he alleged that the provincial decrees had not altered conditions in the North. Mosconi admitted that some speculators had been eliminated, but he charged that improper enforcement of the regulations governing petroleum grants had permitted SONJ in Salta and Leach Brothers in Jujuy to retain control over the most promising oil lands.<sup>93</sup> As a result, he claimed, YPF was denied access to oil areas for exploration in the North when it had the men, money and materials for the job. Rebuttals quickly issued from the governments of Benjamín Villafañe in Jujuy and Joaquín Corvalán in Salta, and a verbal battle ensued during 1925 and 1926 which projected

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<sup>92</sup>The only substantial difference in the decrees was that Salta's reserve was limited to five years while Jujuy's was created without a time limit. For copies of the decrees, see YPF, Recopilación, I, 165-175.

<sup>93</sup>Leach Brothers was a firm with agricultural and mercantile interests owned by wealthy Englishmen. They sold their petroleum rights to SONJ in 1926. RRIAA, Saddler (SONJ) to Kellogg, November 5, 1926, 835.6363/291.

petroleum developments in the North into the national limelight.<sup>94</sup>

Technical points about how the regulations were or were not being enforced were wrangled over by national and provincial authorities, but the spirit with which they were enforced was as much the crux of the matter as anything. Mosconi, speaking for YPF and the national government, demanded the strictest possible enforcement of the regulations in order to exert pressure on private companies and open up the maximum amount of land for exploration by YPF. Provincial authorities, on the other hand, probably tended to see increased national government interest in provincial oil as the opening wedge for federalization, a measure they opposed. They were, therefore, prone to a more liberal interpretation of the regulations on private oil grants.<sup>95</sup>

Mosconi was so obviously the spearhead of the attack on the provincial authorities that La Prensa suggested he

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<sup>94</sup>Villafañe was an anti-Yrigoyenist Radical. Corvalán belonged to the conservative Unión Provincial, the party of Francisco Uriburu and Robustiano Patrón Costas.

<sup>95</sup>Sufficient work has not been done to date on petroleum matters in the northern provinces to clarify why provincial authorities opposed federalization. It should be noted, however, that Salta and Jujuy were extremely poor areas, and federalization of their oil could have been viewed as another step in the long-established process of draining off provincial wealth for the benefit of the littoral area. For evidence of this kind of thinking, see Jujuy, El petróleo y la constitución nacional, 17.

was overstepping the bounds of his office, and that if he felt obligated to act, he should refrain from using "dogmatic language" and an "acerbic tone" in addressing provincial officials.<sup>96</sup> Mosconi and his associates on the Administrative Commission were so anxious to get their case before the public that they personally financed the publication in La Nación of some of the more extensive notes sent to the provincial governments.<sup>97</sup> The impact of events in the North upon Mosconi can be seen in the fact that after 1924 he almost never spoke or wrote about oil without making specific reference to Salta and Jujuy.

Mosconi's writings and speeches reveal that he had no rigidly defined criteria for legislation in 1922, and that his position evolved in response to his growing experience and knowledge of petroleum matters. Running through all his comments, however, and providing a thread of consistency was the spirit of economic nationalism. In a 1927 radio address, Mosconi presented one of his most comprehensive statements on this theme. He acknowledged the contributions men and capital from abroad had made to Argentina's development and granted the continuing need for foreign aid. At the same time, he advocated replacing the

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<sup>96</sup>La Prensa, September 27, 1926, p. 8.

<sup>97</sup>Mosconi, El petróleo argentino, 193.



old policy of "economic internationalism" with one he termed "a nationalist economic framework" as the guideline for accepting such aid:

The time has now arrived for admitting men and capital on a selective basis, and also for establishing protection for nationals and domestic capital. By undertaking the exploitation and development of the nation's resources with the nation's own men and money, we will obviously improve our standard of living,....<sup>98</sup>

In agriculture, industry, commerce and finance, urged Mosconi,

it is now time that Argentine intelligence and capital intervened on a wider scale and received the collective benefits which today slip through our fingers.<sup>99</sup>

Specifically on petroleum, he continued, Argentina had to protect its deposits "from any but eminently nationalist influences."<sup>100</sup>

The key to Mosconi's nationalist policy was federalization of the nation's oil reserves. While he supported this measure from the beginning, his advocacy became more insistent and vociferous with the increasing involvement of SONJ in Salta and Jujuy. To his superiors in the Executive branch and to the Chamber Committee on Industries and

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<sup>98</sup>Mosconi, El petróleo argentino, 200.

<sup>99</sup>Ibid.

<sup>100</sup>Ibid., 201.

Commerce, he defended federalization on the grounds that the provinces lacked both the money and the technical facilities necessary to control the industrial and commercial phases of the oil industry.<sup>101</sup> However impolitic it may have been, Mosconi told the Chamber Committee that national and provincial interests were not necessarily coincident in the northern provinces, and that federalization was essential to guarantee predominance of the former.<sup>102</sup> He also argued that petroleum was an important factor in contemporary international relations and, therefore, should be under the jurisdiction of the national government. Finally, he added the sugar coating usually offered by advocates of federalization by pointing out that national control did not mean that the provinces would be denied participation in the financial benefits from deposits exploited within their boundaries.<sup>103</sup>

Private exploitation enjoyed conditional support from Mosconi prior to the Congressional debate on oil legislation in mid-1927. It was a question of resources rather than ideology, for, as Mosconi pointed out, during the Alvear years Argentina lacked the funds and the technical and

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<sup>101</sup>Diputados, Comisión de Industrias y Comercio, Anexo a la orden del día No. 66, 56, 60; Diario, 1926, III, 612.

<sup>102</sup>Diputados, Comisión de Industrias y Comercio, Anexo a la orden del día No. 66, 60.

<sup>103</sup>Ibid.

administrative personnel to operate without foreign capital.<sup>104</sup> He, therefore, supported private exploitation so long as it was controlled effectively and speculation was curbed. As he explained to the Chamber Committee in August 1926,

The work of private companies is not a problem; on the contrary, it is beneficial as long as it is always controlled by the state. The problem is speculation in exploration rights....<sup>105</sup>

He went on to recommend that a royalty of not less than 10% be placed on private production, the proceeds of which would fund a mining authority capable of enforcing all mineral laws and regulations.<sup>106</sup>

By 1925, Mosconi had added the final element in his pre-1927 legislative formula, the combination of private and state capital in mixed companies. In August 1925, he recommended this solution for the problems which had arisen in the northern provinces,<sup>107</sup> and in 1926 before the Chamber Committee, he presented mixed companies as the Administrative Commission's considered choice for a general

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<sup>104</sup>Mosconi, El petróleo argentino, 180.

<sup>105</sup>Diputados, Comisión de las Industrias y Comercio, Anexo a la orden del día No. 66, 52.

<sup>106</sup>Ibid.

<sup>107</sup>Diputados, Diario, 1926, III, 612-613.



answer to the question of who should exploit the nation's oil deposits.<sup>108</sup>

Citing the Anglo-Persian combine as a prototype, Mosconi recommended organizations in which the State would supply 51% of the capital and hold veto power over all decisions affecting general petroleum policy. All technical and administrative decisions would be left to representatives of the private investors. In view of the many enemies of state exploitation and the lack of public confidence under which YPF labored, Mosconi thought mixed companies presented the best alternative:

State exploitation and private exploitation are two divergent systems: mixed exploitation combines all forces, conciliates all interests, and coordinates all factors, thus assuring the achievement of maximum efficiency.<sup>109</sup>

Particularly noteworthy in Mosconi's testimony is the absence of any suggested limitations on the sources of private capital to be included in mixed companies. Apparently foreign capital was as welcome as domestic.

Mosconi's voice, for all its influence, was only one among many in a growing national debate over petroleum policy. The nagging absence of oil legislation, YPF's growth under the General's aggressive leadership, and

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<sup>108</sup>Diputados, Comisión de las Industrias y Comercio, Anexo a la orden del día No. 66, 54-55.

<sup>109</sup>Ibid., 55.

events in the northern provinces all stimulated a widening public discussion in which capable spokesmen emerged on all sides.

The Buenos Aires press reflected the mounting sense of urgency over petroleum affairs with its unanimous demand for petroleum legislation.<sup>110</sup> More significant still was the agreement among major dailies on the advisability of federalization. By July 1927 when Congress began debating an oil law, La Nación stood alone in its contention that federalization violated the Constitution.<sup>111</sup> La Prensa, though a latecomer among supporters of federalization, accurately summarized the press's arguments in its favor:

At the present juncture, oil arouses the greed of the imperialist countries. It is a serious error, therefore, to withhold control over it from the national authorities. The same concern for public welfare which places with the National Congress the power to regulate domestic and foreign trade, and the same powerful motive of general security which gives Congress exclusive control over national defense, dictate the necessity of reforming petroleum legislation.<sup>112</sup>

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<sup>110</sup>La Acción, November 3, 1923, p. 16, March 14, 1925 p. 14, March 15, 1926, p. 8, February 10, 1927, p. 1; La Epoca, May 23, 1925, p. 1, February 15, 1927, p. 1; La Nación, June 5, 1923, p. 4, August 12, 1926, Sect. 1, p. 6; La Prensa, October 21, 1923, p. 5, September 17, 1926, p. 9, July 22, 1927, p. 9; La Vanguardia, November 10, 1925, p. 1.

<sup>111</sup>La Nación, July 23, 1927, p. 6, July 27, 1927, p. 6.

<sup>112</sup>La Prensa, July 22, 1927, p. 9. See also La Epoca,

The language of the petroleum nationalists had invaded the editorial columns of one of the Capital's leading conservative spokesmen.

On the question of exploitation rights, a note of unanimity, albeit a negative one, again appeared in the Capital's press. No major newspaper advocated turning exploitation over exclusively either to the State or to private investors. All favored some combination of the two sectors. La Prensa opted for the existing system of concurrent and separate state and private exploitation, but with regulations liberal enough to attract the large-scale investors that La Prensa considered necessary to translate the nation's oil wealth from possibility into reality.<sup>113</sup> La Razón and La Acción backed the creation of mixed companies as a means for attracting the necessary capital.<sup>114</sup> As La Acción explained, the State was without sufficient funds, and

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May 24, 1927, p. 27, October 29, 1926, p. 1; La Vanguardia January 6, 1925, p. 1; La Razón, December 3, 1922, printed in RRIAA, Riddle to Hughes, December 28, 1922, 835.6363/195, enclosure 3. Less than a year before the editorial comment cited above appeared, La Prensa was arguing against the constitutionality of federalization. (September 28, 1926, p. 10, September 30, 1926, p. 10.) No explanation was offered for the turnabout, but the timing suggests events in Salta and Jujuy may have been influential.

<sup>113</sup>La Prensa, October 21, 1923, p. 5, September 17, 1926, p. 9.

<sup>114</sup>La Razón, December 3, 1922, printed in RRIAA, Riddle to Hughes, December 28, 1922, 835.6363/195,



in this business with its brilliant and secure future, limited earnings are preferable to no earnings at all.<sup>115</sup>

La Vanguardia, the Socialist paper, continued its support for Nicolás Repetto's 1914 bill which called for state and private exploitation, and speculated on the possibility of limiting private oil investment to domestic capital.<sup>116</sup>

La Epoca, the Yrigoyenist paper, merits special attention on the matter of exploitation rights. In various editorials, it set forth what it claimed to have been the oil policy of Yrigoyen's government and offered this as the proper guideline for the future. Thus La Epoca wrote:

At the heart [of President Yrigoyen's oil policy] lay the firm intention to reserve for the State the exploitation of a natural wealth whose alienation would not only be economically unwise but also dangerous to the international tranquility of the Republic.<sup>117</sup>

Displaying a truly nationalist spirit,

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enclosure 3; La Acción, June 7, 1924, p. 16. La Acción's suggestion applied specifically to petroleum deposits yet to be discovered and not to the existing federal reserves. La Razón did not specify where mixed companies would operate.

<sup>115</sup>La Acción, June 7, 1924, p. 16.

<sup>116</sup>La Vanguardia, May 1, 1923, p. 37; August 22, 1923, p. 2.

<sup>117</sup>La Epoca, October 21, 1923, p. 1.

Dr. Yrigoyen felt that the country should carry forward [oil] exploitation by using only its own efforts and resources, totally rejecting the participation of foreign capital which was offered without limit for this task.<sup>118</sup>

The nation's sources of wealth must be developed by the nation itself, with the resources it has available [and] with all foreign activity excluded,....<sup>119</sup>

Depending upon how the words "state", "country", and "nation" are interpreted, La Epoca appeared to be supporting either exclusive state exploitation, or at least the limitation of private investment to nationals.

This interpretation is contradicted, however, by another statement which appeared in April 1925;

the resources necessary for taking advantage of the wealth contained in the oil deposits must be found inside or outside of the country, but foreign firms cannot be allowed to intervene in the administration of petroleum development.<sup>120</sup>

While a literal interpretation of La Epoca's comments produces only contradictions, it is fair to conclude that the Yrigoyenist press favored a strongly nationalistic oil policy, the most aggressively nationalist of all newspapers in fact. Still, prior to July 1927, La Epoca's comments

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<sup>118</sup>Ibid., December 14, 1924, p. 1.

<sup>119</sup>Ibid., January 8, 1926, p. 1.

<sup>120</sup>Ibid., April 5, 1925, p. 1. The underlining is

fell short of a forthright demand for a full-dress state monopoly over petroleum development.

La Epoca's attempt to pass off its editorials as accurate descriptions of Yrigoyen's petroleum policy represented nothing more than "court history". As we have seen, Yrigoyen's policy was informed by a nationalist sentiment, and he was concerned about trust activity. Nonetheless, he did not reject but welcomed private investment both foreign and domestic.

Events in Salta and Jujuy did not escape the purview of the Capital's press. La Epoca devoted the most ink to developments in the North, featuring increasingly strident demands for corrective action against SONJ's onslaught. Typical was the following selection from a January 1927 editorial:

The intervention of the federal authorities is essential and urgently needed when, through misunderstanding or criminal activity, oil deposits might be surrendered to the greed and voracity of private companies whose activities are the source of a conflict of incalculable gravity, one destined to compromise the very sovereignty of the Nation.<sup>121</sup>

Less than two weeks later, La Epoca lamented that it was already too late for action, that the provincial govern-

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mine.

<sup>121</sup>Ibid., January 27, 1927, p. 1.



ments had handed out their oil wealth to private firms, and that "Argentina will not exploit its oil deposits except through others and for others."<sup>122</sup> Conditions in the North as they were portrayed by oil nationalists were ideally suited for La Epoca's drive to grab for the Yrigoyenist Radicals the mantle of chief protector of the nation's oil deposits.

Private oil investors and their supporters entertained a somewhat different view of oil matters than the Buenos Aires press. Hopes that Alvear's administration would provide an acceptable legal framework for private operations were soon dissipated, and while Congress delayed legislation, advocates of the private sector were reduced to grumbling about how private exploitation was being stymied.<sup>123</sup> The government's tough line on the granting of exploration permits prompted one source to suggest that the national authorities were sacrificing the national oil industry in their effort to stimulate the public

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<sup>122</sup>Ibid., February 15, 1927, p. 1.

<sup>123</sup>"El gobierno nacional debe fomentar, estimular y proteger la acción particular," Petróleos y Minas, No. 28 (August 15, 1923), 7-9; "Una orden ministerial y sus consecuencias," El Petróleo Argentino, No. 11 (September 10, 1923), 4; Buenos Aires Herald, January 11, 1923, printed in RRIAA, Riddle to Hughes, January 16, 1923, 835.6363/198, enclosure, November 28, 1923, printed in RRIAA, Gibson to Hughes, November 28, 1923, 835.6363/263, enclosure; Buenos Aires Standard, September 21, 1923, printed in RRIAA, Robertson to Hughes, September 25, 1923, 835.6363/250,

sector.<sup>124</sup> As we have seen, the bills sent to Congress by the President in September 1923 drew only increased protest from private interests. In fact, by late 1923 reports were circulating that forecast the imminent withdrawal of major foreign companies.<sup>125</sup> They proved to be no more than rumors, however, as most foreign companies adopted a "wait and see" attitude.<sup>126</sup>

Faced with a growing nationalist campaign for the protection of Argentina's oil resources, private interests and particularly foreign investors felt called upon to justify the existence of the private sector of the oil industry. Their case in its most complete form was laid before the Chamber of Deputies in July 1927 in a memorial from seven firms organized as a "special section" of the Unión Industrial Argentina.<sup>127</sup> Making adroit use of statistics, the memorial purported to show that despite considerable capital outlays by both the state and private

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enclosure.

<sup>124</sup>"La industria petrolera argentina," El Petróleo Argentino, No. 10 (August 25, 1923), 2-6.

<sup>125</sup>"Una orden ministerial," El Petróleo Argentino, 4; RRIAA, Robertson to Hughes, October 11, 1923, 835.6363/256, Riddle to Hughes, December 3, 1923, 835.6363/265.

<sup>126</sup>Ibid., Gibson to Hughes, September 9, 1924, 835.6363/276.

<sup>127</sup>Diputados, Diario, 1927, II, 220-237.

sectors, national production of petroleum products was falling increasingly behind national consumption.<sup>128</sup> Despite being faced with a widening "fuel gap", their brief continued, Argentines were being misled by an exceedingly optimistic picture of the nation's oil wealth for which there was no basis in fact. Comodoro Rivadavia was the single oil field of proven commercial capacity, and even there YPF was not obtaining results commensurate with its investment. The conclusion, asserted the memorial, was self-evident:

for the government as well as for the country in general, it is desirable to increase exploration and to maintain private industry as the indispensable partner of the State in this phase of the latter's activity.<sup>129</sup>

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<sup>128</sup>The memorial listed 37 companies as having been organized to exploit Argentine oil as of January 1, 1927, 28 of them having made capital investments totalling 120,313,265 pesos. It asserted that 24 of the companies had already folded with capital losses totalling 26,850,000 pesos. Of the remaining 13, the five major investors were:

Standard Oil Cia., S.A. Arg. (SONJ)	22,729,000 pesos	
Astra, Cia. Arg. de Pet. S.A.	15,500,000	"
Cia. Comercial e Industrial de Pet.	13,500,000	"
Diadema Argentina, S.A. (Royal Dutch Shell)	13,200,000	"
Cia. Ferrocarrilera de Pet.	11,000,000	"

Ibid., 221-222.

<sup>129</sup>Ibid., 234.



This could be done, it was suggested, by radically altering the situation created by the 1924 decrees so as to permit

exploration under the kind of technical, legal, and political conditions which are essential for the development of this work.<sup>130</sup>

Such conditions along with a law allowing private firms to compete on an equal footing with YPF were what private investors were seeking.

The terms of exploitation grants were of particular importance to oil investors. They were anxious to avoid excessive duties, taxes, and royalties which would deprive them of profits. The journal Petróleos y Minas referred to such burdens on private investment as "stones thrown at our own roof."<sup>131</sup> The oil companies' memorial to the Chamber warned that legislation imposing restrictive conditions on private investors would, in practice, produce a state monopoly since private interests would withdraw.<sup>132</sup>

Recognizing the need for some control over private exploitation, the memorial offered the following advice,

the restrictions or controls which the State might impose on private industry to protect the community's interests can and should be established easily, while taking into account at the same time that protection, that guarantee

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<sup>130</sup>Ibid.

<sup>131</sup>Petróleos y Minas, No. 19 (November 15, 1922), 18.

<sup>132</sup>Diputados, Diario, 1927, II, 234.

for capital investments, and that promotion of the industry which we are requesting.<sup>133</sup>

In truth, of course, it was no facile undertaking to find a compromise between the protection for national interests demanded by nationalists and the liberal operating conditions requested by investors.

The pleas of private investors ran counter to the spreading nationalist sentiment regarding oil, but the private sector was not without influential Argentine advocates. Chief among them was Matías G. Sánchez Sorondo, prominent lawyer, National Deputy (B.A. Prov., Conservative Party, 1918-1926), and University Professor of Mining Law. Speaking with undeniable expertise, Sánchez Sorondo commented on oil legislation before a meeting sponsored by the Instituto Popular de Conferencias in November 1923.<sup>134</sup>

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<sup>133</sup>Ibid., 236.

<sup>134</sup>Matías G. Sánchez Sorondo, Política del petróleo; La legislación (Buenos Aires: Agencia General de Librería, 1923). The discussion of Sánchez Sorondo's ideas is based upon this pamphlet, and only direct quotes will be cited. For those who shared his belief about the need to stimulate private exploitation, see Guillermo Hileman, Sobre legislación del petróleo en la república argentina (Buenos Aires: Imprenta "La Aurora", 1927); Eduardo Bidau, "Legislación sobre petróleo," La Nación, November 9, 1926, p. 6; O. M. Figueroa, "La explotación de petróleo," La Nación, March 26, 1923, p. 4. Hileman was an engineer and geologist who had worked in the oil fields in California and Comodoro Rivadavia and served as Director of Mines in Mendoza Province. Bidau, like Sánchez Sorondo, was a lawyer and University Professor who specialized in mining law. Figueroa, when he wrote his article, was employed by the

He, like private investors themselves, emphasized that prophecies about Argentina's fabulous oil wealth were not based upon knowledge of proven reserves, and that money rather than myths was necessary for oil exploitation. The extensive and expensive work inherent in the industry made large companies as essential in the oil as in the railroad business. Argentines, he warned, had to abandon their preconception of large companies as enemies:

To speak against the large companies that explore for oil is, in my opinion, to demonstrate ignorance of the demands of the industry, or, if you prefer, to propose killing the goose that lays the golden eggs;....<sup>135</sup>

Sánchez Sorondo advocated an "open doors" policy, welcoming all the so-called "trusts" as long as they came openly under their own names and competed fairly under Argentine laws. The objective of Argentina's new oil law, he maintained, should be to lure private capital by granting the

legal security and...the prospect of capital returns insofar as they result exclusively from the investor's own efforts.<sup>136</sup>

The security of investors' rights against arbitrary alteration by new laws or executive decrees was of such overriding

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Anglo-Persian syndicate.

<sup>135</sup>Sánchez Sorondo, Política del petróleo, 15.

<sup>136</sup>Ibid., 18.



importance to him that Sánchez Sorondo felt it should be protected through a contractual agreement. The new oil law, he suggested, might empower the national authorities to arrange contracts with private investors and provide a general outline for the agreements. The specific details would vary with the geographic and geological conditions of each grant. Contracts would thus provide flexibility as well as security.<sup>137</sup>

Sánchez Sorondo's position was, naturally, an open invitation to criticism from oil nationalists. Anticipating their attack, he lashed out at the "xenophobic" argument as unworthy of a civilized and advanced people and vehemently denied giving away anything. As he succinctly put it,

What would we be giving away? A hope.  
What would we be receiving? A magnificent reality.<sup>138</sup>

Well might Sánchez Sorondo have been wary of criticism from the nationalists, for their message to Argentines was exactly the opposite of his own. Where he predicted that dire consequences would flow from the exclusion or excessive regulation of large companies, oil nationalists saw the same course as being the only way to guarantee that

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<sup>137</sup> Sánchez Sorondo presented a bill to the Chamber drafted along these lines, Diputados, Diario, 1925, II, 546-564.

<sup>138</sup> Sánchez Sorondo, Política del petróleo, 32.

Argentina's oil would benefit Argentines. By 1927, the nationalists' ranks included not only Mosconi and a large segment of the Capital's press, but also such notables as Ricardo Oneto, the long-time oil propagandist; Dr. Eduardo A. Ramos, Professor of Law and Social Sciences at the National University in La Plata; Luis Colombo, President of the Unión Industrial Argentina; and General Alonso Baldrich, Chief of the Army Engineering Corps.<sup>139</sup> Baldrich's Army career paralleled Mosconi's in many respects. A graduate of the National Military College and the holder of a degree in Civil Engineering from the University of Buenos Aires, Baldrich too had experience in Germany and had served as Chief Administrator in the Comodoro Rivadavia fields of YPF from April 1923 until January 1924.<sup>140</sup> He would assume an increasingly vociferous role in petroleum matters. In addition, organizations like the Federación Universitaria de Buenos Aires<sup>141</sup> and the Alianza Continental enlisted

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<sup>139</sup>Oneto, El centinela, 165-201; Eduardo A. Ramos, El petróleo en la república argentina; Su legislación (Buenos Aires: Valerio Abeledo-Librería Jurídica, 1927); Luis Colombo, El petróleo argentino y la necesidad de su legislación (Buenos Aires: Talleres Gráficos Caracciolo y Plantié, 1927); Alonso Baldrich, El petróleo; Su importancia comercial, industrial y militar; Legislación petrolera (Buenos Aires: Imprenta "El Misionero", N.d.).

<sup>140</sup>"General Alonso Baldrich," Estrategia, No. 4, (November-December, 1969), 135-136; Baldrich, El petróleo, 5.

<sup>141</sup>La Vanguardia, February 5, 1927, pp. 1-2; La Epoca, June 20, 1927, p. 2; Diputados, Diario, 1927, I, 709.

their services in the nationalist cause.<sup>142</sup>

The nationalist argument, whether it came from the newspapers, from General Mosconi, or from one of the men or organizations cited above, was shot through with the rhetoric of anti-imperialism and tended to change little in form or content from article to book to speech. The standard approach was to emphasize domestic oil as the key to industrial growth and military defense and to suggest that this invaluable resource was threatened by the greed of the "great world oil trusts." North American interests represented by SONJ and British interests under the guise of Royal Dutch Shell and Anglo-Persian, it was alleged, were locked in a death struggle for control of the world's oil reserves. The financial power of these concerns, their frequently corrupt methods, and especially the fact that they enjoyed the support of their home governments made them a constant threat to the domestic peace and even the sovereignty of host nations. To buttress claims about the potentially disturbing effect of the trusts, nationalists

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<sup>142</sup>La Epoca, June 26, 1927, p. 4; La Vanguardia, July 27, 1927, p. 4; Mosconi, El petróleo argentino, 235. The Alianza Continental was founded in May 1927 to fight foreign imperialism in general and U.S. "Dollar Diplomacy" in particular. Its leaders hoped to foster a continent-wide sense of unity among Latin American peoples in order to protect the area from foreign powers who would attempt to deprive Latin America of its natural riches. "Alianza Continental: A los pueblos de sur y centro américa, México y las antillas," Revista Jurídica y de Ciencias Sociales



often attributed the outbreak of the Mexican Revolution to competition between British and North American oil interests.

The following introduction which General Baldrich used for an address before the Centro Naval on February 2, 1927 outlined the essential points of the nationalists' case,

Because of its significance for the industrial progress of the country, because of its increasing importance for national defense, because of the lessons which other nations offer us through their improvidence or apathy, compromising their economic and financial future and reducing or losing their sovereignty, because of all this...I will concern myself [with petroleum], convinced as I am of the immense importance for us...of this magical source of national wealth that foreign interests seek, covet and menace.<sup>143</sup>

Predictably, events in Salta and Jujuy served to intensify both the anxieties and the rhetoric of the nationalists, and to make SONJ more and more the focal point of their attacks. This again is Baldrich from his February 2, 1927 speech:

Through the North, gentlemen, the Spanish invasion under Pezuela attempted to enter in order to smother our new born political independence! Through the North, Argentines, Standard Oil has taken the first

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(RJCS), año XLIV (Nov. 1926-May 1927), 43-50; Arturo Orzábal Quintana, "Nuestro nacionalismo continental," RJCS, año XLIV (Nov. 1926-May 1927), 51-53; "La Alianza Continental," RJCS, año XLIV (May 1927), 84-91.

<sup>143</sup>Baldrich, El petróleo, 8.

step in an invasion designed to smother our economic independence without which political independence is a fiction.<sup>144</sup>

The first step in preventing "trustification" of Argentina's oil by foreign firms, claimed the nationalists, was federalization of the nation's deposits. Occasionally proponents of federalization engaged the opposition on constitutional grounds and argued the legal nuances of the matter.<sup>145</sup> More often, however, nationalists branded the constitutional attack on federalization as sophistry and insisted that the urgency of the situation and the magnitude of the threat were sufficient justification for the measure. Pleading "general interest" as the proper criteria for deciding the issue, Baldrich stated,

The Constitution is a life giving instrument, not a cross upon which the Republic remains nailed while its riches are withdrawn from it in the name of an inapplicable Code....<sup>146</sup>

Agreement also existed among nationalists on the proper role for private capital in the domestic petroleum industry. Not surprisingly, they followed Mosconi's lead

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<sup>144</sup>Ibid., 21.

<sup>145</sup>Ramos, El petróleo en la república argentina, 272-275.

<sup>146</sup>Baldrich, El petróleo, 30.

and recommended the creation of mixed companies.<sup>147</sup> Among the men cited above, only Ramos would have excluded foreign capital from these firms.<sup>148</sup> The others were united in their support for a bill placed before the Chamber in 1926 by the Committee on Industries and Commerce which would not have excluded foreign investment from mixed companies. It is also worth noting that the Committee's bill called for federalization and state control over the transportation of domestically produced petroleum and petroleum by-products, but it did not provide for either the expropriation of existing private holdings or the cessation of grants to private investors.<sup>149</sup>

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Care must be taken not to distort the importance of the petroleum issue in the period prior to mid-1927. Argentina was by no means a major world producer of oil, and oil legislation was not an issue in the Congressional elections of 1924 or 1926.<sup>150</sup> Even as late as March 1926,

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<sup>147</sup>Oneto, El centinela, 201; Colombo, El petróleo argentino, 15; Ramos, El petróleo en la república argentina, 224-225; Baldrich, El petróleo, 22.

<sup>148</sup>Ramos, El petróleo en la república argentina, 218-221.

<sup>149</sup>For a copy of the bill, see Diputados, Sesiones ordinarias, 1926; Orden del día num. 66 (Buenos Aires: Imprenta de la Cámara de Diputados, 1926).

<sup>150</sup>Only the Socialists and the anti-Yrigoyenist



La Acción complained that Argentines did not attach sufficient importance to the oil problem, and noted that an urgent need existed to arouse public opinion so pressure might be exerted upon Congress for study of the matter.<sup>151</sup>

Nevertheless, the preceding survey indicates that pressure for the passage of petroleum legislation was building, and that by mid-1927 it was more intense than it had ever been. Equally important was the explosive potential of this issue as the anti-imperialist rhetoric of the nationalists promised to push the debate into the realm of ideology. Congress, in whose hands lay the crucial legislative decision, was facing a problem that daily was growing more complex and volatile.

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Radicals published programs for the 1926 Congressional elections, and both documents were silent on the question of petroleum legislation. La Vanguardia, January 31, 1926, p. 1; La Acción, February 2, 1926, p. 5.

<sup>151</sup>La Acción, March 22, 1926, p. 6.

## C H A P T E R V

### ALVEAR II: THE GREAT PETROLEUM DEBATE

Prior to mid-1927, as we have seen, Alvear's administration witnessed vigorous action on several fronts of the domestic petroleum scene, including the attack on permit speculation directed by Le Breton, the brilliant accomplishments of YPF under Mosconi, the increased crude oil production of private companies, and the steadily developing nationalist campaign demanding strict government supervision of the nation's oil wealth. Yet these activities unfolded under legal conditions so ill-defined as to deny all parties, public and private alike, any security for their interests and investments. Few denied the need to reform or supersede the 1886 Mining Code insofar as petroleum was concerned, but year after year the opportunities passed without definitive Congressional action. Not until September 1927, almost twenty years after the Comodoro Rivadavia discovery, was an oil bill approved by even one chamber of the national legislature.

Congress's apparent unwillingness to satisfy the consensus demand for petroleum legislation should not be attributed to ignorance of, or apathy toward, this problem

in particular. During the Alvear years, Argentina's national legislators ignored virtually all their law-making duties while turning Congress into a forum for the political battles which followed the Radical Party's schism. Within less than two years of Alvear's inauguration in October 1922, the split which had threatened to disrupt Radical ranks during Yrigoyen's term was formalized. On the one side were the "personalistas", named for their continued devotion to Yrigoyen's leadership, and on the other side were the "antipersonalistas" whose name manifested their opposition to the alleged personal domination of the UCR by the aging caudillo. The antipersonalistas adopted President Alvear as their titular head, but the thrust of their movement was clearly more anti-Yrigoyen than pro-Alvear.

Throughout Alvear's administration, both groups trained their political sights on the 1928 presidential election. The antipersonalistas, led by Vicente Gallo (Interior) and Tomas Le Breton (Agriculture) from their Cabinet posts and Leopoldo Melo (Entre Ríos) from his Senate seat, were committed above all else to preventing Yrigoyen's return to the Casa Rosada. Meanwhile, at his modest lodgings in Calle Brasil, Yrigoyen resurrected his incomparable talents for political organization and began piecing together the coalition he hoped would return himself and the "cause" to the pinnacle of Argentine political power.



In Congress, the UCR split all but paralyzed the nation's legislative machinery because no one party or coalition was able to establish a consistent majority.<sup>1</sup> A right-of-center coalition of Conservatives and antipersonalistas dominated the Senate, unthreatened from any quarter during the Alvear years. In the Chamber, the personalistas were the most numerous group, but in a partisan fight they could not muster a winning majority. And while the anti-personalistas, the Conservatives, and the Socialists shared an anti-Yrigoyen bias, this common bent was not sufficient adhesive for erecting an alliance capable of consistently dominating Chamber activities.

Effectively stymied as a legislating body, the Chamber spent hours, days, and even months wrangling over essentially political questions such as the intervention of provincial governments and the admissibility of the credentials of newly elected Deputies. The number of laws passed during the Alvear years indicates the extent to which political conditions undercut the Lower House's ability to fulfill its law-making function. In 1924, nine laws were passed.<sup>2</sup> In 1925, ten measures received Congressional approval, including

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<sup>1</sup>A valuable portrayal of politicking in Congress is provided by the Socialist Deputy (1924-1928) Joaquín Coca in his El contubernio: Memorias de un diputado obrero (Buenos Aires: Claridad, 1930).

<sup>2</sup>Senadores, Diario, 1924, I, xlv.

two for constructing monuments, one closing business enterprises at 8:00 P.M., one declaring a holiday, and one appropriating funds for the Executive Committee of the Third National Congress of Medicine.<sup>3</sup> The passage of sixty laws in 1926 indicated that matters were improving, but in 1927 Congress reverted to form and produced merely seventeen new laws.<sup>4</sup>

While Congress delayed its decision on petroleum legislation, a sense of forward movement was maintained through a series of Chamber requests to the Executive branch for information on petroleum-related matters, through petroleum bills presented by various Deputies, and through the studies, hearings, and trips undertaken by the Chamber Committee on Industries and Commerce prior to its drafting of an oil bill. Between January 1923 and September 1926, the Chamber requested from President Alvear and his subordinates data on the state petroleum agency prior to October 1922 and on the results of Mosconi's investigations subsequent to his takeover of YPF,<sup>5</sup> on the financing of the La Plata

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<sup>3</sup>Ibid., 1925, II, xliii.

<sup>4</sup>Ibid., 1926, II, liii-liv; 1927, lvii. By comparison, the 1920 legislative period yielded 115 laws, and that of 1928 produced 136 laws. Ibid., 1920, II, xxxvi-xxxvii; 1928, liii.

<sup>5</sup>Diputados, Diario, 1922, V, 596-599, 612; VI, 128-129; VII, 175-176, 441, 598; 1923, VI, 187-189, 322-323, 472; VII, 393.

refinery,<sup>6</sup> on the activities of foreign-owned oil companies operating in Argentina,<sup>7</sup> and on the correspondence which passed between Mosconi and the Governors of Salta and Jujuy concerning oil matters in those Provinces.<sup>8</sup> This process of accumulating information was a poor substitute for the passage of necessary legislation, but it did serve to remind the legislators periodically of the petroleum problem and to keep them abreast of the most recent developments in oil circles.

As for new oil bills, the administration's 1923 measures were joined by major proposals from two Conservative Party Deputies representing Buenos Aires Province, Rodolfo Moreno Jr. and Matías G. Sánchez Sorondo. Moreno, a 44-year-old lawyer-University Professor, submitted a bill to the Chamber on June 1, 1923 which dealt exclusively with state exploitation.<sup>9</sup> In defense of the limited scope of his proposal, Moreno suggested that while a comprehensive oil statute would require extensive study and debate, the question of state exploitation could be settled quickly because there

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<sup>6</sup>Ibid., 1925, IV, 320; V, 862-865.

<sup>7</sup>Ibid., 1926, II, 753-756; III, 575-579.

<sup>8</sup>Ibid., 1926, V, 298-300; VI, 199, 213-236, 654, 704-739.

<sup>9</sup>Ibid., 1923, II, 232-281. These pages include a long introductory statement from Moreno which is valuable for the summary it provides of state exploitation prior to 1923.



existed general agreement in all quarters on what should be done. Emphasizing the need to learn from past failures in the state industry, Moreno urged passage of a law which would lead to "an orderly administration, free from political interference, and endowed with ample powers, full responsibility and effective controls."<sup>10</sup> Such a law, he contended, would lend a permanence and stability to state exploitation which could not be obtained while YPF's legal footing consisted of Executive Decrees and articles in the annual budget law.

There was nothing innovative about the bill itself. Its passage simply would have provided a statutory basis for what already existed in fact - YPF and state petroleum exploitation. The provisions of the bill would have produced no major changes in the structure or operations of YPF as it was then functioning. Nonetheless, only after four years and considerable Committee alteration would Moreno's bill come before the Chamber for discussion.<sup>11</sup>

Sánchez Sorondo's bill, introduced on September 6, 1923, represented an attempt to gain Congressional approval for his well-known "open doors" policy toward private

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<sup>10</sup>Ibid., 234.

<sup>11</sup>In 1925 when the time limit on Moreno's bill expired and Congress had not discussed it, Moreno reintroduced it. Ibid., 1925, I, 83.

investment in Argentina's oil industry.<sup>12</sup> The salient part of the bill proposed the addition of a section to the Mining Code specifically designed to govern oil exploration and exploitation. The new section featured, among other things, extremely liberal oil grants in terms of size and duration, and contractual arrangements to protect the rights of concessionaires. The inclusion of stiff penalties for the failure to work exploration lots, requirements for royalty payments on crude oil production, and the assertion of government control over both the transfer of oil rights and the exportation of oil provided evidence that Sánchez Sorondo was not ignoring the nation's stake in its oil reserves. Still, the bill bore the unmistakable impress of his conviction that substantial private investment was mandatory if Argentina's oil industry was to fulfill its alleged potential.

From 1923 to 1927, the Chamber's most active group in oil matters was the Committee on Industries and Commerce whose members labored diligently to draft a bill for consideration on the floor.<sup>13</sup> During the 1923 sessions, the

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<sup>12</sup>Ibid., 1923, V, 492-495. Sánchez Sorondo, like Moreno, found it necessary to reintroduce his bill in 1925. Ibid., 1925, II, 546-549.

<sup>13</sup>For a summary of the Committee's work during these years, see Ibid., 1926, IV, 736-737.

Committee studied Moreno's proposal and despatched it to the floor only to have it ignored by the Deputies.<sup>14</sup> The following year in July, the Committee renewed its deliberations, hearing testimony from the Ministers of Agriculture, Public Works, and Navy, and journeying to Comodoro Rivadavia and Plaza Huincul on fact-finding missions. On September 9, 1925, the Committee members completed their task by forwarding a bill to the Chamber which was placed on the agenda as Order of the Day 95, 1925 (OD 95, 1925).<sup>15</sup>

Moreno's 1923 proposal scarcely was discernible in the bill which constituted the Committee's majority report.<sup>16</sup> The attempt to provide YPF and state exploitation with a legislative basis which had been Moreno's sole objective now

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<sup>14</sup>Ibid., 1923, V, 680.

<sup>15</sup>Ibid., 1925, IV, 188. For a copy of the bill, see Diputados, Comisión de Industrias y Comercio, Anexo a la orden del día No. 66, 13-22.

<sup>16</sup>The majority report was signed by the Committee's two conservative Deputies, Chairman Frank Romero Day (Mendoza, Unión del Comercio y la Producción) and Luciano Romero (Corrientes, Partidos Liberal y Autonomista) and by its antipersonalista member, Ventura Llovera (San Juan, Unión Cívica Radical). José D. Castellanos (Capital Federal, Partido Socialista) is cited as having been in partial disagreement with the majority bill, but there is no explanation of why. The Committee's two personalista Deputies, Blas Goñi (Buenos Aires Prov., Unión Cívica Radical) and José Luis Alvarez (Capital Federal, Unión Cívica Radical) submitted a minority report.



became the starting point for a more extensive measure. Among the appended sections were a set of regulations to govern oil concessions, and articles calling for both the federalization of all deposits of oil and gaseous hydrocarbons and a government monopoly over the transportation of oil and oil by-products.<sup>17</sup> The proposed regulations for private oil concessions were particularly restrictive, even more so than those in Alvear's 1923 bill which had drawn such strong criticism from private oil investors.<sup>18</sup> Also sure to draw fire from private interests was Article 31 of the Committee's bill which empowered YPF to oversee private exploration. Had the Committee conceived of YPF as a government agency created solely to supply the government's oil needs, this provision might have been acceptable, but it was not justifiable when YPF was projected as a publicly-financed competitor of private oil firms.

The Committee's two Yrigoyenist Deputies, Blas Goñi and José Luís Alvarez, submitted a minority report to the

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<sup>17</sup>The transportation monopoly was to be exercised directly by the government in the Comodoro Rivadavia region. In other oil districts, it was to be exercised directly by the government or through contracts with private firms. Ibid., 20.

<sup>18</sup>Under the proposed regulations, exploration concessions were to be made through public auction. All bidding companies had to be domiciled in the Federal Capital, prove their capacity to undertake petroleum exploration, and deposit 5,000 pesos in the National Bank as a guarantee that they would carry out their obligations. Grants were to consist of 500 hectares for three years providing work

Chamber, offering a series of substitute articles for the sections of the majority's bill which dealt with federalization, the regulation of private concessions, and the transportation monopoly.<sup>19</sup> If the designated provisions of the majority's bill had been eliminated and the substitute articles adopted, the result would have been essentially Moreno's 1923 bill, a proposal to legalize state exploitation under YPF and empower national and provincial authorities to create oil reserves.

The dissent of Goñi and Alvarez, particularly from the provision on federalization, is somewhat surprising in light of their party's strong support for federalization at

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was begun within the first year. In the event oil was discovered, the concessionaire was entitled to exploitation rights over 250 hectares for a non-renewable term of 50 years. The remaining 250 hectares were to become part of the government's oil reserves. Exploitation concessionaires were obliged to pay taxes of 20 pesos per hectare annually, 10% of all crude oil production, and 50% of all profits in excess of 20% of their invested capital. The provinces were to share in these revenues if the oil deposits were located in their territorial jurisdictions. Exploitation activity could not be interrupted for more than six months at any one time, and no one person or company would hold more than five exploration and/or exploitation grants at one time. Finally, companies were prohibited from associating for commercial purposes, and the transfer of private oil rights was prohibited without the approval of the Executive Power. (Ibid., 17-20.)

<sup>19</sup>Ibid., 21-22.

the time and its increasingly strident, nationalistic oil policy. While their action suggests a lack of party discipline on the oil issue in 1925, they later justified their dissent on the grounds that changes in the Mining Code were the province of the Committee on General Legislation rather than the Committee on Industries and Commerce.<sup>20</sup>

Again the Chamber ignored the Committee's work, partly because it was ignoring most of its legislative duties, and partly because the bill was submitted late during the 1925 sessions. When Congress also proved unresponsive to the President's request that petroleum legislation be considered during the 1925-1926 Extraordinary Sessions,<sup>21</sup> OD 95 (1925) appeared slated for the legislative oblivion shared by all previous oil bills. That it would not become Argentina's long anticipated oil law, however, was decided by petroleum developments in the Northern Provinces rather than by Congressional apathy.

When the Committee met in 1926, the members decided that events in the North warranted their study before they

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<sup>20</sup>Diputados, Diario, 1927, II, 525 (Alvarez), III, 185 (Goñi).

<sup>21</sup>Ibid., 1925, IV, 12.



sent another oil bill to the floor.<sup>22</sup> Late in July, they began collecting statistical data, hearing expert testimony, and eliciting written reports from government agencies and private oil firms, and in mid-September, some of the members traveled to Salta and Jujuy to observe conditions firsthand and interview provincial authorities and representatives of Standard Oil.<sup>23</sup>

Chief among the experts heard by the Committee was General Mosconi. On August 6, he offered his analysis of the nation's oil situation as well as his recommendations for oil legislation.<sup>24</sup> Emphasizing the necessity for an oil law to facilitate YPF's work in particular and to provide guidelines for the oil industry in general, Mosconi pointed to Salta and Jujuy as the primary trouble spots. He presented his version of developments in those provinces since 1924 and warned the Committee that SONJ was fashioning a monopoly there which threatened to remove the North's

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<sup>22</sup>Ibid., 1926, IV, 736. The Committee's membership had changed somewhat. Romero Day, Lloveras and Alvarez were replaced by Julio C. Raffo de la Reta (Mendoza, Partido Liberal), a conservative, Jorge Calle (Mendoza, UCR Lencinista) and Clorindo Mendieta (Santa Fe, UCR Unificada), both antipersonalistas, and Juan Garralda (B.A. Prov., UCR), a personalista. As a result, the Committee's political balance stood at two Conservatives, two antipersonalistas, two personalistas, and one Socialist.

<sup>23</sup>For reports on the journey to Salta and Jujuy, see La Prensa, September 15, 1926, p. 18; La Nación, September 15, 1926, p. 7.

<sup>24</sup>Diputados, Comisión de Industrias y Comercio, Anexo

oil deposits from Argentine control. His specific recommendations included federalization of all oil deposits, exploitation through mixed companies based on the Anglo-Persian model, continued private exploitation under strict government control, and assessment of a royalty on private oil production as a means of financing a national agency responsible for enforcing mineral laws.

Four privately owned oil firms responded to the Committee's invitation to submit written critiques of OD 95 (1925).<sup>25</sup> All four advised against including the structuring of YPF and the regulation of private exploitation in the same bill, and all criticized specific articles of the bill such as that which empowered YPF to control private exploration. However, the oil companies' primary concern was the set of regulations proposed for governing private operations. Unanimously, they predicted that the bill's provisions were so restrictive that passage would chase all private investors from the oil industry, effectively creating a state oil monopoly. Standard Oil's brief

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a la orden del día no. 66, 49-60.

<sup>25</sup>Ibid., 29-46. The four responding companies were SONJ (29-34), Astra (34-42), the Compañía Industrial y Comercial de Petróleo (42-45), and the Compañía Diadema Argentina (45-46). Astra and the Compañía Industrial y Comercial de Petróleo were among the nation's leading private producers in 1926, while Diadema was a Royal Dutch affiliate with interests in the Comodoro Rivadavia region which had just begun yielding crude oil in 1925.

summarized their preferences in this matter:

It is necessary to protect the explorer, to give him time so he may study the geography and geology of the lands he intends to explore, so he may transport his equipment and construct extremely expensive roads through completely unexplored forest and mountain regions, so he may position exploratory wells with some probability of success, and, finally, once petroleum is discovered, it is absolutely essential to grant the explorer irrevocable rights over an area sufficient to provide a return on the capital invested.<sup>26</sup>

Only on the question of federalization did any significant difference emerge in the four statements, with SONJ alone objecting to it as unconstitutional. While on the surface it might seem surprising that the other three failed even to mention federalization, it should be pointed out that Standard alone held provincial interests (Salta and Jujuy) which would have been affected by federalization. The other three were operating in regions already within the jurisdiction of the national government.

On September 21, 1926, the Committee forwarded the results of its studies to the Chamber, its despatch becoming Order of the Day 66, 1926 (OD 66, 1926).<sup>27</sup> The bill which

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<sup>26</sup>Ibid., 33.

<sup>27</sup>Diputados, Diario, 1926, VI, 9. For a copy of the Committee's despatch, see Ibid., 1927, III, 211-217. The bill which represented the Committee's majority report carried the signatures of the two antipersonalista and the two Conservative members of the group. Castellanos, the Socialist member, registered his dissent from the provision



constituted the Committee's majority report varied significantly from OD 95 (1925), clearly displaying the impress of recommendations and information gathered by the Committee. Apparently accepting the advice of the private firms to make state and private oil exploitation the subjects of separate bills, the Committee excluded from OD 66 (1926) any regulations for private concessions. Instead, it proposed in its bill a series of temporary taxes on private concessions which were to continue in force until passage of a law regulating private activity.<sup>28</sup> The protestations of the private concerns were accommodated also on the question of YPF's control over private exploration. This latter duty was not among YPF's obligations according to OD 66, (1926).

The other major alteration of the Committee's 1925 position was embodied in Art. 30 of OD 66 (1926) which empowered the national Executive to create mixed petroleum companies. Undoubtedly influenced by Mosconi's testimony, the Committee recommended firms in which the government would hold 51% of the stock and appoint the President and one-third of the Board of Directors. The remainder of the stock and the Board positions were to be left to private

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of the bill which would have empowered YPF to make use of credit operations. The two personalista members submitted a minority report which will be discussed below.

<sup>28</sup>While staying in Córdoba on his return from a trip

investors, but the government representatives were to hold veto power over decisions involving changes in the company's statutes, the sale or leasing of oil deposits, the exporting of the firm's products, and the "paramount interests of the State."

In all other matters, OD 66 (1926) was nearly a copy of OD 95 (1925). Small changes in wording and detail left essentially unaltered the sections on YPF's structure and functions, federalization, the creation of federal oil reserves, and the state monopoly over the land transport of oil and oil by-products.

Similarly unchanged in 1926 was the dissenting opinion of the Committee's two Yrigoyenist Deputies, now Blas Goñi and Juan Garralda.<sup>29</sup> As in 1925, their proposed revisions would have stripped the majority report of all but those matters covered in Moreno's 1923 bill. Goñi would later explain, as he did in connection with OD 95 (1925), that matters like federalization which involved changes in the Mining Code were beyond the jurisdiction of the Committee

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to the Northern oil districts, the Chairman of the Committee, Julio C. Raffo de la Reta, made it plain in newspaper interviews that the Committee favored continued private exploitation. La Nación, September 15, 1926, p. 7; La Prensa, September 15, 1926, p. 18.

<sup>29</sup>Diputados, Diario, 1927, III, 216-217.

on Industries and Commerce.<sup>30</sup> Still, it is difficult to understand why a personalista Deputy would have cited a procedural technicality to justify dissent from federalization when it was receiving strong support from his party in 1926, and when it would become nothing less than the touchstone of party loyalty in less than a year.

Two other explanations are worth considering. On the one hand, as suggested before, it may have resulted from a lack of party discipline on this issue. With no petroleum debate apparently in the offing, personalista ranks may not have been sufficiently closed on the question of federalization to prevent the seeming inconsistency in Goñi's and Garralda's dissent. On the other hand, the personalistas may have decided by mid-1926 to make a major political issue of federalization. In that case, they may have been seeking a separate bill covering only federalization since that would have afforded them the maximum opportunity to showcase the issue and their policy.

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<sup>30</sup>Ibid., 1927, III, 326. Technically, Goñi appears to have been correct. Petroleum bills which proposed specific changes in the Mining Code, such as those of President Alvear and Sánchez Sorondo, were sent to the Committee on General Legislation. Those like Moreno's which were essentially administrative measures were directed to the Committee on Industries and Commerce. At best, though, the distinction was hazy and unsatisfactory, for Moreno's bill on YPF and state exploitation involved a basic alteration in the 1886 Mining Code since that code prohibited state mineral exploitation.



Some indication that the latter strategy may have prevailed in personalista councils came on September 1, 1926 when personalista Deputy Diego Luís Molinari, a member of Yrigoyen's inner circle of party leaders, reproduced a bill originally submitted to the Chamber in 1918 by the Committee on Legislation.<sup>31</sup> As presented, the bill would have authorized state mineral exploitation, federalized all deposits of oil, iron ore and coal, and prevented retro-active application of the law to concessions of the three minerals made prior to September 1, 1926. In short, all details were avoided in a bill which emphasized the two principles basic to the oil nationalists' case, federalization and state exploitation.

Two weeks later, the brilliant young Socialist Deputy, Antonio de Tomaso, followed Molinari's lead by reproducing the same bill with one important change.<sup>32</sup> He omitted the article which would have blocked retroactive enforcement of the measure. De Tomaso, who was a member of the Committee of Legislation in 1918 and who had acted as the Committee's spokesman for the bill on the Chamber floor, did not

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<sup>31</sup>Ibid., 1926, IV, 805-806. Molinari changed one date in the 1918 bill to make it current in 1926. Otherwise, he left it unaltered. See Chapter II, 65-70, for the Chamber's discussion of the bill in 1918.

<sup>32</sup>Ibid., 1926, V, 616.

specify why he now wanted to change the proposal.

Both bills went to the Committee on General Legislation which wasted no time in its deliberations. On September 28, it despatched its report to the floor where it became Order of the Day 77, 1926 (OD 77, 1926).<sup>33</sup> The bill which was signed by the Committee's majority contained but a single article. It called for the federalization of oil, iron ore and coal deposits and authorized their exploitation through state agencies. Since both these principles were included in the Committee on Industries and Commerce's bill, OD 77 presented an alternative to OD 66 only insofar as its approach to oil legislation was concerned.

Congress ended its regular sessions on September 30 without discussing an oil law, and the legislators again ignored a presidential request to consider one in the Extraordinary Sessions which opened on December 2.<sup>34</sup>

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<sup>33</sup>Ibid., 1926, VI, 326. For a copy of the Committee's report, see Ibid., 1927, II, 489-501. The bill which constituted the Committee's majority report carried the signatures of the Socialist Enrique Dickmann (Capital Federal) and two personalistas, Eduardo F. Giuffa and Guillermo R. Fonrouge who were both members of the UCR representing the Federal Capital. Conservative Deputy José Heriberto Martínez (Córdoba, Partido Demócrata) submitted a minority report which differed from the majority's in that his bill included an extensive set of regulations for governing private oil concessions.

<sup>34</sup>Alvear did not include oil legislation among the tasks originally selected for treatment during the Extraordinary Sessions, but he later added it in a note sent to Congress on January 25, 1927. Ibid., 1927, I, 23.

Nonetheless, during the months prior to the opening of Congress's 1927 meetings, there were more positive indications than ever that an oil debate was imminent. First, the Chamber's committees had completed their labors and presented their definitive proposals. Second, in October 1926, a group of Deputies and Senators who anticipated a major petroleum discussion in the Chamber undertook a fact-finding trip to Comodoro Rivadavia where they were shepherded about the state and private installations by General Mosconi himself.<sup>35</sup> The following February, President Alvear made a similar journey accompanied by Mosconi and a retinue of high administration officials.<sup>36</sup> Few would contend such jaunts could have yielded anything beyond superficial impressions of conditions in Comodoro Rivadavia, particularly when the President spent about six hours ashore and most of those socializing. Yet they were evidence of the quickening concern about petroleum matters. Third, neither the events in Salta and Jujuy nor the mounting public pressure for passage of oil legislation

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<sup>35</sup>La Nación, October 8, 1926, p. 7, October 16, 1926, p. 7, October 17, 1926, p. 7; La Prensa, October 12, 1926, p. 9, October 17, 1926, p. 7.

<sup>36</sup>La Nación, February 8, 1927, p. 7, February 11, 1927, p. 7, February 12, 1927, p. 7, February 13, 1927, p. 7, February 15, 1927, p. 7; La Prensa, February 10, 1927, p. 21, February 14, 1927, p. 17, February 15, 1927, p. 14, February 16, 1927, p. 13, February 17, 1927, p. 13.



could have been ignored much longer. Unless the Congress contemplated an open declaration of its bankruptcy as a representative institution responsive to the needs and wishes of its constituents, an oil debate was almost a necessity. And finally, the weight of public demands for Congressional action was magnified by the rapidly approaching national elections scheduled for April 1928.

As the Chamber organized for its 1927 sessions, it was still without a majority party. Yrigoyen's faithful filled 59 of the Lower House's 158 seats, with 29 in the hands of antipersonalistas, and 44 occupied by Conservatives. The Socialist deputation fell victim to a party schism in 1927. Early in July, eleven Independent Socialists, the splinter group led by de Tomaso, requested and received recognition in the Chamber as a separate party. The parent organization led by Repetto and now referred to as the Orthodox Socialist Party was left with just eight seats.<sup>37</sup> Thus, in a strictly partisan struggle, no party

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<sup>37</sup>The figures presented here total 151 rather than 158 because the 1927 Chamber rejected the credentials of four men elected in the 1926 Congressional contests, and three other seats were vacant.

The following scheme of abbreviations will be used in the text to identify the party affiliation of the Deputies. The party names listed are those which appeared on the election ballots. To distinguish between personalistas and antipersonalistas in the several Radical Party factions, a "p" for personalista or "a" for antipersonalista will follow the abbreviation cited below. Thus UCRp would indicate a personalista member of the Unión Cívica Radical, while UCRBa would indicate an antipersonalista member of

could bend the will of the Chamber to its own.

On June 24, 1927, Deputy Juan F. Fiorillo (UCRUa, S. Fe) moved that discussion on a petroleum law begin during the Chamber's next meeting and continue until a bill was passed. A brief discussion led instead to the choice of July 15 as the starting date.<sup>38</sup> At this time some inconclusive debate arose over whether OD 77 (1926) from the Committee on General Legislation or OD 66 (1926) from the Committee on Industries and Commerce would be the basis for the Chamber's deliberations. When it was argued that OD 66 could not be debated because it had not been despatched during the 1927 sessions, Enrique Dickmann (PS, Capt. Fed.)

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the Unión Cívica Radical Bloquista.

#### Radicals

Unión Cívica Radical	UCR
Partido Radical Unificada	PRU
UCR Bloquista	UCRB
UCR Unificada	UCRU
UCR Lencinista	UCRL
UCR Antipersonalista	UCRA

#### Conservatives

Partido Conservador	PC
Partido Demócrata	PD
Partido Demócrata Progresista	PDP
Unión Provincial	UP
Concentración Cívica	ConC

#### Socialists

Partido Socialista	PS
PS Independiente	PSI
Concentración Popular	ConP
Partidos Liberal y Autonomista	PLA
Partido Liberal, Tucumán	PLTuc
Partido Liberal, Mendoza	PLMen

<sup>38</sup>Diputados, Diario, 1927, II, 68-70.

reintroduced Moreno's 1923 bill,<sup>39</sup> and the Committee reacted swiftly, sending OD 66 back to the floor. Now it became Order of the Day 95, 1927 (OD 95, 1927).<sup>40</sup>

When the Chamber failed to meet on July 15, debate on petroleum legislation was delayed until July 20. On that day discussion about which Committee bill would be debated began in earnest. Led by Diego Luís Molinari and Eduardo Giuffra (UCRp, Capt. Fed.), the personalistas pressed for prior consideration of OD 77 (1926) on the grounds that the paramount question of federalization would be settled immediately. With this done, the Chamber could proceed logically to the technical aspects of organizing the nation's oil industry.<sup>41</sup>

The antipersonalistas and Orthodox Socialists argued the case for OD 95 (1927). Jorge Calle (UCRa, Mend.) and José Luís Pena (PS, Capt. Fed.) contended that it too posed the theoretical question of federalization while also raising important practical problems such as the legal framework for exploitation. Pena further argued that

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<sup>39</sup>Ibid., 1927, II, 69. No indication was given during the debate as to why the same objection did not apply to OD 77 (1926).

<sup>40</sup>Ibid., 1927, II, 183. For a copy of the Committee's despatch, see Ibid., 1927, III, 211-216. OD 95 (1927) differed from OD 66 (1926) in that the order of its articles was revised slightly, but there were no substantive changes.

<sup>41</sup>Ibid., 1927, II, 515-517, 522-523.



OD 95 (1927) involved only petroleum while OD 77 (1926) included iron and coal resources as well.<sup>42</sup>

No decision on which bill would be debated was reached on July 20, and the matter was reopened on July 28. Suddenly, an unexpected element was added. Taking the floor shortly after the debate began, Molinari defiantly announced that the personalista Deputies would abide by two principles on the question of petroleum:

The first is that petroleum deposits are the property of the Nation; the second is that the national government will directly exploit its oil deposits to the exclusion of all other parties.<sup>43</sup>

So closely interrelated were these principles, asserted the personalista leader, that his party would not vote for any bill which did not contain both. Should the Chamber reject either proposition, he promised that the personalistas would absent themselves from the Chamber.<sup>44</sup>

Given Molinari's uncompromising and impassioned statement of party policy, it is easy to understand why the personalistas favored OD 77 over OD 95. Discussion of the shorter bill would have brought the two principles acclaimed by Molinari immediately to the fore, while federalization

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<sup>42</sup>Ibid., 1927, II, 521.

<sup>43</sup>Ibid., 1927, III, 184.

<sup>44</sup>Ibid., 1927, III, 184-185.

did not appear in OD 95 until Article 27. Jorge R. Rodríguez (PRUp, S. Fe) spoke shortly after Molinari and summarized the personalistas' position by stating,

From the outset, we want each party to accept the responsibility of facing squarely the central issue - the federalization of oil and its exclusive exploitation by the State.<sup>45</sup>

Many supporters of OD 95 were more offended than daunted by Molinari's battle cry. Antipersonalista Deputy Agustín Araya (UCRUa, S. Fe) criticized the dogmatic tone of Molinari's remarks and demanded for his party "our right to be independent and formulate our own opinions, our right to express ourselves and act with complete freedom,..."<sup>46</sup> Nicolás Repetto (PS, Capt. Fed.) likewise counselled against doctrinaire proclamations while discussing a question as complicated as petroleum.<sup>47</sup>

Persisting in their support of OD 95, the antipersonalistas, Conservatives, and Orthodox Socialists were joined on July 28 by the Independent Socialists. When the vote was registered on Enrique Dickmann's motion to accord OD 95 preference, personalista opposition was overcome by a count of 66 to 50.<sup>48</sup> The vote indicated the degree to

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<sup>45</sup>Ibid., 1927, III, 205-206.

<sup>46</sup>Ibid., 1927, III, 193-195.

<sup>47</sup>Ibid., 1927, III, 196-198.

<sup>48</sup>Ibid., 1927, III, 207-208.

which, even at this early juncture, the debate had become "politicized", i.e., the degree to which it had become one in which party affiliation was the dominant consideration in vote casting. With one exception in each case, every personalista Deputy voted negatively, and every anti-personalista, Conservative and Socialist voted affirmatively.

Upset by their defeat, the personalistas immediately retired from the Chamber, leaving it without a quorum. Their absence was shortlived, however, and by August 4 the Yrigoyenists were back in their seats in the center of the Chamber waging the battle for federalization and a state oil monopoly. Throughout August, Chamber business was dominated by the general debate on OD 95.<sup>49</sup> Though the bill encompassed nearly all aspects of the petroleum question, discussion centered almost exclusively on federalization and monopolization. These two principles were the crux of the problem, because any action on specifics such as transportation and royalty payments depended upon who owned Argentina's oil and who would be permitted to exploit it.

Federalization proved to be the less controversial of

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<sup>49</sup>The term "general debate" is used to denote the discussion of a bill which preceded its acceptance or rejection in principle.



the two issues. Deputies of every political stripe favored handing over all petroleum deposits to the federal government, while opposition was limited to a few Conservatives and antipersonalistas. Constitutional arguments dominated the floor exchanges over federalization. Advocates sought to prove the federal government's sovereign right to assume control over petroleum deposits, while opponents upheld provincial autonomy. Participants on both sides delved into colonial and early nineteenth-century Argentine history, resurrecting appropriate witnesses and legal codes and offering interpretations which buttressed their cases. Because the speeches were often more conspicuous for their length than for their lucidity, Nicolás Repetto suggested that the Chamber, at times, resembled "a veritable museum of legal or constitutional paleontology."<sup>50</sup>

Though the details of this Constitutional squabble need not detain us, the positions of both sides can be stated quickly. Those favoring federalization argued that the national government replaced Spain as the sovereign entity in Argentina after independence and inherited from the Spanish crown property rights over all mineral resources. More formidable, however, was their contention

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<sup>50</sup>Diputados, Diario, 1927, III, 621.

that Congress could do as it pleased with Argentina's mines because the Constitution of 1853 granted to the federal government the right to draft a mining code.<sup>51</sup> Opponents countered with the assertion that the Provinces existed before the Argentine nation and, therefore, had prior claim to sovereignty over mineral resources within their boundaries. Since the federal pact of 1853 did not specifically grant the national government the power to federalize petroleum deposits, it would be unconstitutional for Congress to do so.<sup>52</sup> Thus, the case for provincial autonomy rested on an extremely narrow interpretation of the Argentine Constitution.

Interspersed among the constitutional briefs were supplementary arguments mustered by both sides. Protection of the nation's oil from the ravages of foreign imperialists was the leitmotif of the advocates of federalization. Socialists, Conservatives, personalistas and antipersonalistas alike condemned the activities of the foreign oil "trusts", particularly those of SONJ. Their case rested on the two premises already popularized by the oil nationalists; one, that Argentina's oil was essential to the nation's

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<sup>51</sup>Ibid., 1927, III, 283, 313-315, 321, 396-397, 419, 439-455; IV, 321.

<sup>52</sup>Ibid., 1927, III, 378-390, 407-409, 594-610, 800, 832-833; IV, 77-79, 323-325.

economic development and military defense, and two, that British and North American oil interests were engaged in a death struggle for control over the world's oil resources, and small oil possessing nations often became incidental victims in that commercial war.<sup>53</sup> There was actually a third premise to the anti-imperialist argument to the effect that the provinces either could not or would not resist the machinations of the "trusts". This premise went unstated. A few Deputies emphasized the anti-imperialist argument to the exclusion of constitutional considerations. Enrique I. Cáceres (UCRp, S. del Estero) contended that since national welfare dictated the need for federalization, the constitutionality of the measure was immaterial.<sup>54</sup>

Assuming that their opponents were motivated, at least in part, by financial considerations, advocates of federal ownership also stressed that OD 95 (1927) guaranteed a share of the profits from petroleum exploitation to the province within which the oil was located.<sup>55</sup> There is little evidence, however, to indicate that opposition was dictated by the location of oil deposits. Representatives from Salta and Jujuy, provinces with known petroleum

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<sup>53</sup>Ibid., 1927, III, 378-390, 407-409, 594-610, 800, 832-833; IV, 77-79, 323-325.

<sup>54</sup>Ibid., 1927, III, 494-497.

<sup>55</sup>Ibid., 1927, III, 250-252, 340-341; IV, 321-322.



resources, did oppose the federal takeover, but so did Deputies from Buenos Aires, Entre Ríos, Santa Fe, and Corrientes where no oil exploitation was in progress.<sup>56</sup> More crucial for the anti-federalization faction was a sincere concern for maintaining provincial autonomy and a deeply rooted anxiety over the concentration of national control and wealth in the federal government and in the Federal Capital. Francisco V. Martínez (ConP, E. Ríos) summed up this feeling when he implored,

We must not persist in the differential policy followed to date with regard to ports, river dredgings, railroads, tariffs, and even with respect to the immigration that comes to us from abroad, and we must try to defend ourselves and stop expanding, until it smothers us, this enormous Argentine capital.<sup>57</sup>

While the issue of federalization cut across party lines, discussion on a state monopoly brought a rapid closing of ranks. Without exception, the personalistas and Independent Socialists stood for monopolization, while the antipersonalistas, Conservatives, and Orthodox Socialists presented a solid front for mixed companies along with continued private exploitation.

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<sup>56</sup>Ibid., 1927, III, 421-424 (A. Usandivaras, UP, Salta); IV, 77-79 (M. Ramón Alvarado, UP, Salta), 41 (F. Calvetti, UCRp, Jujuy); III, 342 (M. Juárez Celman, PC, B.A. Prov.); IV, 203-209 (F. Martínez, ConP, E. Ríos); III, 594-610 (A. Araya, UCRUa, S. Fe), 407-414 (R. Meabe, PLA, Corr.).

<sup>57</sup>Ibid., 1927, IV, 209.

Independent Socialist support for a state monopoly took the Chamber by surprise. As late as July 28, 1927, Antonio de Tomaso proclaimed his group's backing for public and private exploitation and mixed companies.<sup>58</sup> Then on August 11, Jorge R. Rodríguez (PRUp, S. Fe) notified the Chamber that he had information indicating the Independent Socialists would support all points of the personalista program except the expropriation of private concessions.<sup>59</sup> One week later, on August 18, de Tomaso confirmed Rodríguez's statement. He explained that the Independent Socialists hesitated at first to back a state monopoly, but after discussing the matter in two long party meetings, they had decided it was best. Their objective, however, was not the state monopoly itself, but "socialization" of the petroleum industry. As defined by de Tomaso, "socialization" involved removing the monopoly from political entanglements by placing it under the control of a board composed of representatives from all social segments interested in oil: workers, employers, consumers, etc. By such means the Independent Socialists hoped to guarantee

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<sup>58</sup>Ibid., 1927, III, 206.

<sup>59</sup>Ibid., 1927, III, 667.

that the result of a state monopoly would be social improvement rather than monetary profit and pure "statism".<sup>60</sup>

Expropriation of private concessions was rejected by the Independent Socialists as expensive and impractical. De Tomaso insisted that a state monopoly over exploitation, land transportation and oil pipelines, along with tight export controls were sufficient insurance against malpractice by private concerns.<sup>61</sup>

Buttressed by Independent Socialist support, the personalistas fought for monopolization with all the uncompromising zeal which had marked the UCR's early years. On August 3, shortly after the general debate on OD 95 opened, Eduardo Giuffra introduced a substitute article for Article 1 of the Committee's bill. It was signed by ten personalistas and contained the basic proposals of their party; federalization, a state monopoly over both the exploitation and transportation of oil, expropriation of private holdings, and a prohibition against the exportation of crude oil or its derivatives.<sup>62</sup> The anti-monopoly coalition agreed on the need for a transportation monopoly and tight

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<sup>60</sup>Ibid., 1927, III, 850-856.

<sup>61</sup>Ibid., 1927, III, 863.

<sup>62</sup>Ibid., 1927, III, 406. After mid-August when the Independent Socialists came to the aid of the personalistas, expropriation of private holdings was dropped from the personalista program because the Independent Socialists



export controls.<sup>63</sup> However, they considered these measures combined with mixed corporations as adequate to protect national interests in petroleum development. For the personalistas, transportation and export controls were subsidiary to the prime safeguard - exclusive state exploitation.

Personalista speeches favoring monopolization were laden with anti-imperialist rhetoric. Personalista Deputies had no monopoly on decrying foreign capital, but no other group matched their virulence. Jorge B. Rodríguez set the tone with an address on August 11. After citing Royal Dutch Shell, Anglo-Persian, and SONJ as particularly undesirable interests, he severely criticized the latter and its founder, J.D. Rockefeller. SONJ was especially dangerous, alleged Rodríguez, because its own immense power was augmented by that of the United States government. To substantiate his remarks and dramatize Argentina's impending fate, he cited Mexico's unfortunate experience with the "trusts".<sup>64</sup>

The personalistas and Independent Socialists refused

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refused to vote for it.

<sup>63</sup>Ibid., 1927, III, 237, 290-294, 629; IV, 203.

<sup>64</sup>Ibid., 1927, III, 670-682.

to see any efficacy in mixed companies for warding off the foreign menace. Once private capital was allowed to participate in petroleum exploitation, warned A. González Zimmermann (UCRp, S. Fe), it would demonstrate a "subtle capacity" for weakening the nation's defenses.<sup>65</sup> He failed to elaborate on exactly what this process entailed.

Allegations that the state was incapable of administering an oil monopoly drew strong rebuttals from the pro-monopolists.<sup>66</sup> The state railways, the post office, and the Banco Hipotecario were cited as proof of the state's administrative ability.<sup>67</sup> J.R. Rodríguez and De Tomaso pointed to YPF as a model of administrative efficiency, but strangely enough, they were to only ones to do so.<sup>68</sup> It is odd that the personalistas did not take advantage of perhaps the government's best run agency. Maybe they did not wish to call attention to one of the outstanding accomplishments of Alvear's antipersonalista administration.

Another criticism raised against a state monopoly

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<sup>65</sup>Ibid., 1927, IV, 185.

<sup>66</sup>Skepticism about the state's capacity to administer an industrial enterprise was long standing. It was founded principally on the notion that petty political considerations would interfere with industrial efficiency. Ibid., 1927, IV, 25-26, 42.

<sup>67</sup>Ibid., 1927, III, 689; IV, 184.

<sup>68</sup>Ibid., 1927, III, 685, 856-857.

involved its financing. Where, asked anti-monopoly Deputies, was the national government to get the funds for such an operation? Working in Comodoro Rivadavia where easy transportation was readily available was one thing. Exploring and exploiting all the oilfields of the Republic was quite another.<sup>69</sup> The probable expense of a monopoly prompted Repetto to remark acidly,

It is ridiculous for someone to come here and speak of a state oil monopoly in a country that has to borrow money to erect public monuments in the plazas of the large cities.<sup>70</sup>

Seemingly unconcerned about such practical questions, the personalistas completely avoided the issue of financing their proposal.

Monetary objections to a state monopoly were related to the general anti-monopolists' contention that the whole idea was impractical. Deputy Pascual Herráiz (PLMen. Mend.) pointed out that no government in the world exercised a monopoly over oil production, and that the only nation to attempt it, Russia, had failed.<sup>71</sup> Enrique Dickmann

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<sup>69</sup>Ibid., 1927, IV, 71-72, 81, 199-200.

<sup>70</sup>Ibid., 1927, III, 627-628.

<sup>71</sup>Ibid., 1927, IV, 200.



suggested that the proposal for a monopoly was not only impractical but improvised. He emphasized the personalistas' failure to support federalization during Yrigoyen's presidency and claimed that they had displayed no strong attachment to federalization or a state monopoly since.<sup>72</sup> Deputies Araya and Repetto carried Dickmann's allegations one step further and strongly intimated that the personalistas' policy was politically motivated. Repetto characterized their position as "an opportunistic attitude that tends to conciliate or serve a passing interest rather than to defend an important public aim."<sup>73</sup>

While attacking the principle of monopolization, the anti-monopoly coalition also stressed the benefits of mixed companies. Given federalization plus a transportation monopoly and export controls to protect national interests, they contended that private capital could make valuable contributions toward increasing Argentina's petroleum production.<sup>74</sup> Mixed corporations, in their estimation, would have permitted the state to benefit from the capital and technical resources of private oil firms while

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<sup>72</sup>Ibid., 1927, IV, 15-20.

<sup>73</sup>Ibid., 1927, III, 632. For Araya's comments, see Ibid., 1927, III, 600.

<sup>74</sup>Ibid., 1927, II, 244-245.

maintaining control over exploitation.<sup>75</sup> Early in the general debate, the anti-monopolists' cause was boosted when, on July 29, Minister of Agriculture Emilio Mihura spoke in the Chamber in favor of OD 95 (1927) and mixed companies. Although the administration considered the government capable of operating a monopoly, declared Mihura, mixed exploitation was preferable because it would accomodate both public and private interests.<sup>76</sup> It was also well known that Mosconi and YPF's Directors favored mixed companies, and that Mosconi had recommended the creation of such enterprises to the Committee on Industries and Commerce. The General's expertise, however, carried no weight in personalista circles.

As August passed into September, it was evident that extending the debate would facilitate repetition rather than enlightenment. On September 1, OD 95 (1927) was approved in principle, and the Chamber turned to voting on its specific articles. Parliamentary manipulation now assumed an important role in deciding the final form of the oil bill. Jorge Calle, a member of the Committee on Industries and Commerce, introduced, and the Chamber approved, a motion to split OD 95 into three separate bills.

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<sup>75</sup>Ibid., 1927, IV, 34, 85, 96, 322.

<sup>76</sup>Ibid., 1927, III, 326-333.

Bill number one consisted only of Article 27 on federalization; bill number two included Articles 1-22 on the structuring of YPF; and bill number three contained the remainder of the original bill including the provisions on mixed companies.<sup>77</sup> The motion was supported by all parties but for differing reasons. From the beginning of the debate, the personalistas had urged treating the questions of federalization and monopolization before all else. Half this objective was attained when the first bill dealt solely with federalization. On the other hand, the antipersonalistas, Conservatives, and Orthodox Socialists hoped that splitting the original bill would isolate federalization and monopolization in separate bills. They reasoned that federalization alone might pass the Senate, but to couple it with a state oil monopoly was to ensure its rejection.

After OD 95 (1927) was broken down, the single-article measure on federalization was immediately approved in principle and became the center of debate. Quickly, the personalistas gave notice that they had not abandoned their plan to sanction federalization and monopolization in a single bill. Deputies Guillermo Fonrouge (UCRp, Capt.

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<sup>77</sup>Ibid., 1927, IV, 334-336.



Fed.) and Eduardo Giuffra requested that Giuffra's substitute motion of August 3, calling for a state monopoly over exploitation and transportation and a prohibition against exportation, be added to the bill.<sup>78</sup> When anti-monopoly Deputies protested that the Senate would reject federalization if it were combined with a state monopoly,<sup>79</sup> Molinari issued his party's stock reply,

We must repeat now as yesterday, and as we will repeat tomorrow, that for us national ownership of the deposits is indissolubly linked to their direct exploitation by the national government. The sacrifice of the one will mean the sacrifice of the other.<sup>80</sup>

When the Committee on Industries and Commerce refused to accept any addition to the federalization bill, the personalistas simply maintained their proposal as an amendment to be considered after the bill itself was voted upon.

There was never any doubt about the outcome of the balloting on federalization, and it passed by an overwhelming majority, 88 to 17. Deputies from every political sector voted for the bill, while a combination of Conservatives and antipersonalistas opposed it.<sup>81</sup>

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<sup>78</sup>Ibid., 1927, IV, 340.

<sup>79</sup>Ibid., 1927, IV, 341, 343-349.

<sup>80</sup>Ibid., 1927, IV, 351.

<sup>81</sup>Ibid., 1927, IV, 362-363.

Debate then turned to the personalista amendment. After listening to José Luís Pena reiterate the anti-monopolists' objections, the personalistas pressed for a quick vote.<sup>82</sup> To their dismay, the opposition forces countered by leaving the Chamber and breaking the quorum. On September 2 and September 7, the antipersonalistas and Conservatives again prevented a quorum by refusing to participate.<sup>83</sup>

Obstructionist tactics were a last futile effort at resistance. When the absent members returned to the Chamber on September 8, the Independent Socialist-personalista coalition pushed through their amendment to the federalization bill.<sup>84</sup> The balloting on a state monopoly followed party lines almost exclusively. With one exception, all 65 affirmative votes were cast by personalistas or Independent Socialists, and all 55 negative ballots came

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<sup>82</sup>Ibid., 1927, IV, 63-67.

<sup>83</sup>The Orthodox Socialists remained outside the Chamber on September 2, but they retok their seats on September 7.

<sup>84</sup>Ibid., 1927, IV, 478-503. The additional provisions were tacked onto Article 1 of the bill, rather than being made new articles. One new ingredient appeared in these additions at the behest of de Tomaso. Since private concessions were not to be expropriated, he recommended a state monopoly over all petroleum pipelines in the Republic which lay outside the limits of private concessions. De Tomaso's proposal was almost an exact reproduction of Articles 25 and 26 of OD 95 (1927).

from the Conservative-antipersonalista-Orthodox Socialist coalition.<sup>85</sup> The hours and days of debate paled to insignificance as the partisan vote reflected the seat count of the contending coalitions rather than the merits of the issue.

With their basic demands ratified, the final stage of the personalista-Independent Socialist strategy emerged with Antonio de Tomaso's motion to drop the three-bill approach and add any other provision desired by the Chamber to the bill already approved.<sup>86</sup> The anti-monopolists again warned against inviting Senate rejection of an omnibus bill, but they lacked the voting strength to make their opposition effective.<sup>87</sup> Once more they vacated their seats, breaking the quorum. They repeated this action on September 12, but it served only to highlight their own impotence in the face of the votes the personalistas and

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<sup>85</sup>Each paragraph of the amendment was voted upon separately, and only on the question of monopolization does the Diario record the vote by number and name. The 65 affirmative votes came from 53 personalistas, 11 Independent Socialists, and 1 Conservative. Of the 55 negative votes, 19 were from antipersonalistas, 28 from Conservatives, and 8 from Orthodox Socialists. Ibid., 1927, IV, 478.

<sup>86</sup>Ibid., 1927, IV, 506-507.

<sup>87</sup>Ibid., 1927, IV, 509.



Independent Socialists commanded.

On September 22 and 28, the personalistas, directed by Guillermo Fonrouge, and the Independent Socialists, led by de Tomaso, fashioned a bill of some twenty-seven articles. Generally, the procedure was simply to adopt the provisions of OD 95 (1927) with the alterations made necessary by the inclusion of a state monopoly in Article 1.<sup>88</sup>

The single substantial change in OD 95 involved Article 13 which prescribed the destination of profits realized from state oil exploitation. According to the Committee's bill, 65% would have gone for expanding the state industry, and the remainder would have been split up among workers' benefits, geological exploration, a reserve fund, and the national treasury. The version approved by the Chamber on September 28 allocated 60% of the profits for intensifying state exploitation, and 40% for the national treasury. Both the Orthodox and the Independent Socialists supported the original article which included workers' profit sharing, but the personalistas were able to defeat it by the slim margin of 52 to 50. Deputy Molinari explained that his party did not feel it was proper for state oil workers to

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<sup>88</sup>For a complete copy of the bill as it was passed by the Chamber, see Roberto Etchepareborda and Tito Leoni, eds., Política emancipadora, reforma patrimonial; Vol. II, Petróleo, Vol. XII of Pueblo y gobierno, 215-221.

enjoy benefits not shared by all government employees.<sup>89</sup>

Completion of the oil bill on September 28 was followed immediately by the passage of a separate bill on royalty payments. The personalistas and Independent Socialists found Article 30 of OD 95 (1927) too complicated and replaced it with a flat levy of 10% on the gross production of private concessionaires.<sup>90</sup>

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Not since the UCR halted its electoral boycott in 1912 had the party so clearly manifested that intransigence which was the essence of the Radical spirit. If anyone doubted that the personalista oil policy was fashioned by Yrigoyen himself, the uncompromising tenor of personalista conduct during the debate was unmistakable evidence of the hand of the aging master.<sup>91</sup> Demonstrating none of the capacity for

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<sup>89</sup>Diputados, Diario, 1927, V, 625-630.

<sup>90</sup>Ibid., 1927, V, 641-646. Article 30 of OD 95 (1927) outlined a scheme wherein the royalty payments were to vary with the quality of the petroleum involved and its geographic location.

<sup>91</sup>Both Frondizi and del Mazo maintain that Yrigoyen was directly responsible for setting personalista oil policy in the 1927 debate. Frondizi notes that divergent opinions existed within the personalista bloc prior to the debate, and that Yrigoyen induced uniformity through direct and precise instructions to his legislators. Frondizi, Petróleo y política, 195; Del Mazo, El radicalismo, 76.

compromise which is often necessary to produce effective legislation, the Yrigoyenist Deputies stood inflexibly behind their twin principles of federalization and monopolization. As a result, the Chamber sent on to the Senate a petroleum bill which stood little or no chance of surviving a guaranteed conservative onslaught.

A search for the why behind the personalistas' position in the petroleum debate yields at least three possible explanations. The first stems from the Radical Party schism which followed Yrigoyen's presidency. Historians of the Radical movement contend that the party split liberated the Yrigoyenists from the conservative influence of the Alvear wing and allowed the development of what Frondizi has termed "more forthright doctrinal positions..., and more distinctly popular Radicals."<sup>92</sup> Gabriel del Mazo credits the break up with permitting Radicalism to regroup around Yrigoyen and return to its old banners of "Social Justice and National Autonomy."<sup>93</sup> As a result of this reawakening, he argues,

Petroleum became...the chief political banner of Radicalism. With its oil policy in the forefront, the Radical Party moved toward progressively better

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<sup>92</sup>Frondizi, Petróleo y política, 194-195.

<sup>93</sup>Del Mazo, El radicalismo, 63, 77.



defined national and social policies.<sup>94</sup>

There is undeniable merit in this interpretation, and it helps explain the increasingly nationalistic oil policy of the Yrigoyenist Radicals during Alvear's presidency. Yet, it falls short as an explanation for personalista conduct in the oil debate, because it fails to account for the timing of personalista support for monopolization. The party schism was formalized in 1924 and latent a number of years before that. Why, then, did the Yrigoyen wing wait until July 1927 to declare its unswerving support for a state petroleum monopoly?

A second possible explanation for the conduct of the personalista bloc during the oil debates involves the conservative complexion of the Senate, and the consequent likelihood that it would reject a state oil monopoly.<sup>95</sup> These were hard political facts in 1927, but the personalistas may have been contemplating a change in the Senate's political balance if they could return Yrigoyen to the Casa Rosada the following year. As President, he would have been in a position to intervene provincial governments and thereby break the political stranglehold held over many

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<sup>94</sup>Ibid., 64.

<sup>95</sup>In the 1927 Senate, the personalistas held only 4 of the 30 seats. The Orthodox Socialists held 2 seats, the Conservatives 9, and the antipersonalistas 12. Etchepareborda, "Yrigoyen y el Congreso," 64.

of them by local conservative machines. If enough of the intervened provinces returned personalista Senators after being "reorganized", a personalista majority in the Upper Chamber was not inconceivable.

There is no evidence that Yrigoyen had mapped such a strategy, but he had a known tendency to view as extra-legal provincial governments controlled by conservative groups that had their roots in the pre-1916 era, and he had not been reticent about intervening such governments during his first administration.<sup>96</sup> He would intervene only two provincial administrations after 1928, but the chaotic conditions during his second term and its premature demise nullify it as a test of the hypothesis posed here.<sup>97</sup>

The third and most viable explanation of the personalistas' oil policy rests on the assumption that they were looking straight at the 1928 election rather than beyond it, and that they were using the Chamber as an

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<sup>96</sup>During Yrigoyen's first presidency, 20 provincial interventions were carried out. Fifteen were the product of Executive Decrees, while only five resulted from acts of Congress. Héctor Rodolfo Orlandi and Jorge Rodolfo, La reparación institucional, Vol. II, La república federal (II), Vol. VI of Pueblo y gobierno, 519. The list of interventions printed in this source actually cites only 19, but it fails to include the intervention of San Luis Province (Law 11,172).

<sup>97</sup>Ibid., 520. Both interventions during Yrigoyen's second term were the result of Executive Decrees.

electoral podium during the 1927 oil debate.<sup>98</sup> Nineteen twenty-seven was an "año político" with politicians readying their forces for the 1928 presidential and congressional contests. The presidential election would answer the question which had given meaning to nearly all political maneuvering at the national level during Alvear's term. Would Yrigoyen be returned to the Casa Rosada? Even before the Chamber petroleum debate opened, the antipersonalistas had nominated a ticket of Leopoldo Melo and Vicente Gallo and approved a platform for the election,<sup>99</sup> and the Executive Committee of the Socialist Party had drafted an election program for submission to their Party Congress.<sup>100</sup>

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<sup>98</sup>The charges of "electioneering" hurled against the personalistas during the debate itself have already been noted. They were repeated by the opposition press, (La Nación, September 5, 1927, p. 4; La Vanguardia, August 11/12, 1927, p. 1, September 10, 1927, p. 1, September 13, 1927, p. 1, September 30, 1927, p. 1.), by foreign observers, (RRIAA, Bliss to Kellogg, September 19, 1927, 835.6363/302.), and by literature which touched on the debate. Alejandro E. Bunge, La economía argentina, 4 Vols. (Buenos Aires: Cía. Impresora Argentina, 1928-1930), II, 181; Repetto, Mi paso por la política, de Roca a Yrigoyen, 271-273; Rumbo, Petróleo y vasallaje, 56-57.

<sup>99</sup>La Acción, April 29, 1927, p. 2. The party platform included a vague reference to the need for petroleum legislation. It stated simply in its last article, "Definitive petroleum legislation." A more precise statement undoubtedly was prevented by disagreement within the party over such points as federalization.

<sup>100</sup>La Vanguardia, May 31, 1927, p. 2. In this draft program of 24 points, number 15 called for the federalization of oil, coal and iron ore resources.



The political stakes in 1928 were sufficiently high to guarantee that any issue raised in the 1927 Congress would be bent to the demands of the electoral process. Petroleum was no exception.

When the discussion of oil legislation began in the Lower House, and the personalistas were forced to move from an oil policy which featured federalization and nationalist rhetoric to something more specific, they chose the path which promised the maximum political advantage. Little political capital could have been made out of federalization because it enjoyed multi-partisan support. By coupling federalization with a state oil monopoly, however, the personalistas created a unique and distinguishing policy which thrust them into the vanguard of the nationalist movement to protect the nation's oil resources. Furthermore, by posing as the national oil sentinels, the personalistas, through implication if not accusation, could portray their opponents as men willing and eager to hand over the national patrimony to foreign concerns. And, finally, a strident nationalist, anti-imperialist stand on petroleum was the ideal complement for the traditional Yrigoyenist foreign policy which stressed Argentine independence and individuality in the world community. According to Frondizi,

Yrigoyen, displaying good political sense, understood that a nationalist

and popular position on petroleum  
would complement his international  
policy plank....<sup>101</sup>

It was time for producing votes, not oil, and Yrigoyen's forces were not about to waste an opportunity.

The abrupt fashion in which the personalista faction shifted to supporting a state oil monopoly was enough to arouse the suspicion that political opportunism was the motivating force, and the manner in which the Yrigoyenists conducted their side of the Chamber debate did nothing to dispell that impression. They consistently avoided practical and technical questions while concentrating on the theoretical and the ideological. The logic of this strategy was simple and direct. In order to make oil an effective election issue, the debate had to be staged in a manner which would expand it beyond the halls of Congress and involve the electorate. Few voters were likely to become enthused about a discussion of dry, technical matters, but they could be reached by nationalist rhetoric and the specter of foreign imperialist exploitation. Pricking nationalist sentiments was a powerful instrument for mobilizing political support.

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<sup>101</sup>Frondizi, Petróleo y política, 195. Frondizi does not deny that political opportunism was involved in the formulation of the personalista oil policy, but he maintains that after the election, federalization and monopolization of Argentina's oil remained central to Radical doctrine.

The personalistas did not wait for the election campaign to publicize the oil issue. Even as the Yrigoyenist Deputies harangued the Chamber in mid-1927, their cohorts pressed the matter outside Congress. La Epoca fulfilled its role as the press wing of the movement, arguing the case for federalization and monopolization as vehemently as the party's Congressional spokesmen.<sup>102</sup> One aspect of La Epoca's campaign surpassed the argument presented by the personalista legislators. Not obliged to observe the decorum appropriate in Congress, La Epoca openly impugned the motives of the anti-monopoly coalition. A July 31 editorial denied that mixed companies would provide protection against the invasion of foreign capital, characterized that policy as "an enormity", and suggested

It would be ingenuous to believe that such an enormity is the result of sincere convictions. One has a right to suspect the existence of factors which are influencing the drafting of a law openly opposed to the supreme interests of the Nation.<sup>103</sup>

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<sup>102</sup>For representative examples of La Epoca's offerings, see July 23, 1927, p. 1, July 25, 1927, p. 1, July 31, 1927, p. 1, August 1, 1927, p. 1, August 11, 1927, p. 1, August 20, 1927, p. 1, September 2, 1927, p. 1, September 17, 1927, p. 1.

<sup>103</sup>Ibid., July 31, 1927, p. 1. See also August 11, 1927, p. 1, September 5, 1926, p. 1, September 17, 1927, p. 1.



The lack of specifics in this type of innuendo did not mask the effort to identify the personalista oil policy with patriotism.

An energetic speech-making campaign supplemented La Epoca's journalistic efforts. The Alianza Continental shifted its position to accomodate a state oil monopoly and organized public assemblies to encourage support for the Yrigoyenist policy.<sup>104</sup> Local precinct committees sponsored street corner meetings,<sup>105</sup> as did organizations like the Asociación Nacional de Empleados del Comercio y de la Industria.<sup>106</sup> The bulk of this type of activity, however, was conducted under the auspices of the Junta Nacional Pro Defensa del Petróleo. The Junta was founded early in August 1927 specifically to propagandize for federalization and monopolization, and throughout August its leaders held outdoor rallies to that end.<sup>107</sup> Leading the

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<sup>104</sup>La Vanguardia, July 27, 1927, p. 4. General Baldrich addressed the meeting cited here, but in September the Minister of War prevented him from addressing an Alianza gathering on the grounds that the organization was supported by Russian money. RRIAA, Office of the Naval Attache to Kellog, September 19, 1927, 835.00B/7.

<sup>105</sup>La Epoca, August 12, 1927, p. 3, August 17, 1927, p. 1.

<sup>106</sup>Ibid., August 12, 1927, p. 1.

<sup>107</sup>Ibid., August 5, 1927, p. 1, August 8, 1927, p. 1. August 10, 1927, p. 1, August 14, 1927, p. 1, August 16, 1927, p. 1, August 19, 1927, p. 1.

stumping brigade at all these gatherings were the same personalista Deputies who were directing the Chamber fight, particularly Leopoldo Bard (UCRp, Capt. Fed.), Guillermo Fonrouge, Eduardo Giuffra and Diego Luís Molinari.

During the campaign prior to the April 1, 1928 elections, the personalistas provided more evidence of their determination to capitalize on their petroleum policy. The refusal of the personalistas to draft a party platform, the vague and uninformative manner in which political rallies were covered in the press, and the paucity of other materials on the campaign reduce to guesswork the job of estimating how heavily Yrigoyen's supporters stressed the oil issue.<sup>108</sup> Still, it is clear that personalista manifestos and orators frequently discussed petroleum policy, often framing it in the anti-imperialist context which had become the hallmark of the party's position.<sup>109</sup>

Post-election comments also indicate that the personalistas emphasized the oil issue. La Vanguardia referred

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<sup>108</sup>Not only did the personalistas not publish a party platform, but their convention which formally nominated Yrigoyen did not meet until one week before the election itself. By that time, Yrigoyen had halted all personalista campaigning in the Buenos Aires area because of an outbreak of violence at a personalista rally. Ibid., March 18, 1928, p. 1, March 19, 1928, p. 1.

<sup>109</sup>Ibid., January 15, 1928, p. 1, January 24, 1928, p. 3, February 2, 1928, p. 4, February 23, 1928, p. 12, March 13, 1928, p. 2, March 14, 1928, p. 1, March 19, 1928, p. 8, March 20, 1929, p. 1, March 25, 1928, p. 12.

to it as the "battle horse" of the Yrigoyen campaign,<sup>110</sup> while Carlos G. Menica, President of the Junta Central of the Comité Universitario Radical, interpreted Yrigoyen's victory as

a popular declaration which ratified the Radical petroleum law, because at every opportunity party representatives spoke to the people of the need for a law that safeguards equally the integrity of the nation's economy and its sovereignty,....<sup>111</sup>

Personalista use of the petroleum issue to garner votes in 1928 is not proof in itself that their policy was formulated expressly for that purpose. Yet, that conclusion is unavoidable when the election campaign is seen as the culmination of a well planned piece of political opportunism which had its origins in the 1927 Chamber debate.

For all their energy and dedication, the personalistas owed much of their success in the Chamber to the Independent Socialists. Personalista speeches and writings consistently ignored the fact, but the eleven Independent Socialist votes provided the margin of victory for a state petroleum

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<sup>110</sup> La Vanguardia, September 1, 1928, p. 1; see also January 23, 1930, p. 1.

<sup>111</sup> Comité Universitario Radical, Junta Central, El petróleo argentino (Buenos Aires: Talleres "Capano", 1930), 7-8. Frondizi also cites the petroleum issue as one of the pillars of the personalista campaign. Petróleo y política, 195, 225.



monopoly.<sup>112</sup> As we have seen, the policy shift which landed the Independent Socialists in the pro-monopoly camp was every bit as abrupt and surprising as that of the personalistas. De Tomaso, in announcing the shift to the Chamber, did not reveal the nature of the discussions at those two party meetings where the crucial decision was made, but it would appear that his group also responded to political considerations.<sup>113</sup>

The Independent Socialists were a party in need of an issue. Their separation from the parent organization had been formalized on the eve of the petroleum debate, and because the schism resulted from personal rather than policy differences, the Independent Socialists needed a policy which would distinguish them from the Orthodox Socialists. For this purpose, support of a state petroleum monopoly was ideally suited. An editorial which appeared in the Independent Socialist publication Crítica y Acción shortly after the oil debate closed demonstrated the direction Independent Socialist propaganda would take.

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<sup>112</sup>By their own admission, the Independent Socialists knew that, given personalista solidarity, their votes would ensure passage of the state oil monopoly provision in the Chamber. Diputados, Diario, 1927, III, 856; IV, 456.

<sup>113</sup>Several commentaries on the 1927 oil debate have leveled charges of "electioneering" at the Independent Socialists. Coca, El contubernio, 92-93; Repetto, Mi paso por la política, de Roca a Yrigoyen, 274; Rumbo, Petróleo y vasallaje, 57; La Vanguardia, September 20, 1928, p. 1, July 10, 1928, p. 1.

Citing "socialization" as the only true socialist position on the oil question, the editorial labeled Orthodox Socialist opposition to it as a violation of Socialist doctrine and the principles of the Socialist labor movement and attributed that opposition to nothing more than a personal hatred for the Independent Socialists.<sup>114</sup> The claim that they had "outsocialized" the old faction on the petroleum question would remain a consistent theme of Independent Socialist political propaganda.

In February 1928, the party's First Annual Congress drafted a fifteen point electoral platform, and federalization of oil deposits and a state monopoly over exploitation headed the list.<sup>115</sup> When the question of federalization was being discussed, one delegate suggested that the party advocate federalizing all mineral deposits. De Tomaso, while not disagreeing with the principle, questioned the tactical wisdom of the proposal. As he explained,

The law passed with our support last September referred only to oil, so if we were to include federalization of all mineral resources, we would give the point an extremely broad and general scope, and it would not have the immediate

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<sup>114</sup>Crítica y Acción, October 1, 1927, p. 1. This editorial was reprinted from La Libertad.

<sup>115</sup>La Libertad, February 9, 1928, p. 2. The Independent Socialist party was not a national one. Its electoral efforts were limited to the Deputies contest in the Federal Capital.

value we have sought by reducing  
it to petroleum deposits alone.<sup>116</sup>

In short, why shift the focus away from a politically marketable policy?

During the campaign, the Independent Socialists concentrated on portraying themselves as the legitimate heirs to the Argentine Socialist tradition, and they frequently cited their petroleum policy in support of that contention. Typical of their efforts was an extensive analysis of the oil issue and of de Tomaso's Chamber discussion of "socialization" by Roberto J. Noble who concluded,

[de Tomaso properly] interprets not only the economic doctrine of socialism in its purest sense, but also the most vital interests of the nation in which he labors and whose confidence he has now won.<sup>117</sup>

La Libertad also ran major articles which emphasized the threat to Argentina posed by the oil "trusts", the support for monopolization and "socialization" rendered by the Independent Socialists, and the ill-advised actions of

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<sup>116</sup>Ibid., January 30, 1928, p. 5.

<sup>117</sup>Ibid., March 19, 1928, p. 6. The problem already noted of vague newspaper coverage of the campaign also emerges in the case of La Libertad's accounts of the Independent Socialist campaign. Nonetheless, there are frequent references to party orators discussing the oil issue. See March 11, 1928, pp. 1, 3, March 14, 1928, pp. 2, 4, March 16, 1928, p. 2, March 19, 1928, p. 6, March 20, 1928, p. 6, March 21, 1928, p. 6, March 22, 1928, p. 2, March 23, 1928, p. 2, March 26, 1928, pp. 1, 2, March 27, 1928, p. 2.



the "dependent socialists (on señor Nicolás Repetto)" in the Chamber debate.<sup>118</sup>

Election day brought an upset victory for the Independent Socialists. Outpolling the Orthodox Socialists and the antipersonalista-Conservative coalition, they finished second to the personalistas and thereby snared the six minority-party Deputy seats for the Federal Capital. How much of their surprising success the Independent Socialists owed to their petroleum policy is difficult, if not impossible to determine. The same is true of trying to determine whether identifying their petroleum policy with that of the personalistas produced a significant "coattail" effect in the wake of the resounding personalista triumph.. But these problems should not conceal the fact that the Independent Socialist policy was designed with electoral ends in mind.

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Nearly twenty years had elapsed since the Comodoro Rivadavia discovery before the Chamber Deputies approved a proposal for a national oil law. However, because the debate occurred at a time when the clouds of the 1928 political storm were gathering, the debate's results were not commensurate with the toll exacted on the national

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<sup>118</sup>Ibid., February 10, 1928, p. 3, March 8, 1928, p. 3, March 20, 1928, p. 3.

petroleum industry by the two decades of delay. The decision of the personalista Radicals and the Independent Socialists to turn the petroleum issue into a political football left Argentina in April 1928 as far from having viable petroleum legislation as it ever had been.

## C H A P T E R V I

### YRIGOYEN III: AFTERMATH

The euphoria induced in Yrigoyenist circles in April 1928 by the greatest outpouring of popular sentiment in the nation's political history to that time was soon dissipated. Argentina's voters had elected the dynamic and tireless founder of the Radical Party, but the man who entered the Casa Rosada in October 1928 was an aging and tired figure. His second term would bring not the culmination of the "reparación" but twenty-nine months of impassioned and frequently violent political confrontations followed by crushing defeat on September 6, 1930.

The continuing debate over petroleum legislation which took place in this political atmosphere was essentially a heated and noisy anticlimax to the Great Chamber Debate of 1927. Personalista Radicals pressured and propagandized for a full state oil monopoly, while anti-monopoly forces attempted to clog the legislative mechanism in the Senate. Meanwhile, the petroleum nationalists, frustrated by what they viewed as criminal sabotage in the Upper Chamber, unleashed a campaign favoring a state oil monopoly which at



times exhibited hysterical and even scurrilous overtones.

The first act of the 1928-1930 scenario stemmed from the magnitude of the personalista victory at the polls. Along with the presidency, Yrigoyen's forces had secured a controlling majority in the Chamber of Deputies. When the Lower House convened for its 1928 sessions, personalista Deputies occupied 87 seats, nearly 20 more than all the opposition groups combined.<sup>1</sup> Under these circumstances, it was not surprising that the personalistas resurrected their proposal to expropriate all privately held petroleum concessions. This measure was part of the original legislative parcel that the personalistas had tried to push through the Chamber in 1927, but were forced to discard because the Independent Socialists refused to vote for it. Equipped now with their own majority, the personalistas could complete their initial design for a national petroleum law. As Yrigoyenist Deputy Eduardo Giuffra (Capt. Fed.) commented in describing expropriation to the Chamber, "it is nothing but the logical conclusion of the question posed last year...."<sup>2</sup>

The bill which was intended to eliminate the private sector of the oil industry was introduced on July 26, 1928

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<sup>1</sup>There were 24 antipersonalistas, 35 Conservatives, 8 Independent Socialists, and 2 Orthodox Socialists. Two seats were vacant.

<sup>2</sup>Diputados, Diario, 1928, IV, 357.

over the signatures of ten personalista Deputies.<sup>3</sup> Its text did not call for the immediate cessation of private activity. Rather it declared privately-held sources of petroleum and gaseous hydrocarbons liable to expropriation and empowered the Executive Branch to procede with the actual process of taking over according to the relevant laws. Thus, the bill's phraseology left considerable latitude to the Executive insofar as the timing of the actions that would force the various private firms to cease their operations.

Since four of the seven members of the Committee on General Legislation were personalistas, the Committee's report to the floor on September 5 recommended passage of the expropriation bill exactly as it had been submitted.<sup>4</sup> With the bill on the Chamber's agenda, the only obstacle to passage was a procedural one. Congress's regular sessions closed at the end of September, and unless preferential treatment were accorded the expropriation bill, time would expire before the Chamber could get to it. Bearing this in mind, opposition Deputies for nearly two weeks after September 5 broke quorums and employed the tactics of parliamentary delay to defeat repeated personalista

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<sup>3</sup>Ibid., 1928, II, 575-576.

<sup>4</sup>Ibid., 1928, III, 694. The three non-personalista members of the Committee did not sign the report, but neither did they submit a minority report.

initiatives to gain preferential treatment for the bill.<sup>5</sup> La Epoca's editorial columns blistered the opposition, alleging collusion with Standard Oil to defraud Argentina of her oil and referring to obstructionist maneuvers as crimes against national interests.<sup>6</sup> Yet the simplest arithmetic made it obvious that the problem and the solution lay with the personalistas themselves, for their numbers were sufficient to ensure a quorum and pass nearly any motion placed before the Chamber. La Epoca finally acknowledged this fact, and, in frustration, demanded that the personalistas assert their numerical superiority:

By themselves they can determine the actions of the Chamber; by themselves, then, they should outline their plans and execute them without hesitation or delay.<sup>7</sup>

On September 17, the battle ended when the Yrigoyenist sector managed to bring the expropriation bill to a debate.<sup>8</sup>

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<sup>5</sup>Ibid., 1928, III, 802-805; 1928, IV, 30-38, 152-160, 250-256.

<sup>6</sup>La Epoca, September 11, 1928, p. 1, September 15, 1928, p. 1.

<sup>7</sup>Ibid., September 15, 1928, p. 1. This outburst from La Epoca suggests that the delay was not intentional on the part of the personalistas. Rather it appears that sickness, travel, overconfidence or other reasons simply prevented them from getting a sufficient number of their representatives into the Chamber on the same day.

<sup>8</sup>Diputados, Diario, 1928, IV, 351, 356-398.



Approval was now only a formality, but the anti-monopoly coalition of Socialists, Conservatives and antipersonalistas used the five-hour discussion to place their objections on record. Expropriation, they argued, was less than an urgent matter since the Senate had yet to discuss the petroleum bills sanctioned by the Chamber in 1927. And if those bills became law, they continued, there would be no need to incur the expense of expropriation, because the private oil firms would be condemned to a slow death anyway. Deputies Mariano G. Calvento (UCRA, E.R.) and Nicolás Repetto even suggested that expropriation would increase the value of private holdings by guaranteeing purchase of properties which otherwise were bound to decrease in value in the foreseeable future given the legislation already passed by the Chamber.<sup>9</sup>

Anti-expropriation Deputies also protested the apparent willingness of the personalistas to deal with an important and complicated matter in a hurried and casual fashion. Where was the data necessary to make an intelligent decision they demanded? How many private concessions would be expropriated? What was the exact procedure to be followed? How much would it cost, and where would the funds come from? The absence of such vital information, the opposition claimed, attested to the simple-minded manner in which the

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<sup>9</sup>Ibid., 1928, IV, 364, 378.

question was being approached. Antonio de Tomaso calculated that expropriation would cost in excess of 500,000,000 pesos and, therefore, would place a crippling financial burden on the nation. Why not invest those funds in the existing state oil enterprise and expand production he suggested?<sup>10</sup> Repetto, in his characteristically sarcastic way, suggested that the money might be borrowed from Standard Oil!<sup>11</sup>

Personalista arguments favoring expropriation held nothing new for those familiar with the 1927 petroleum debates. Argentina's natural resources, its internal peace and security, and even its political and economic independence were seriously menaced by the world's oil trusts, especially by the machinations of Standard Oil in the northern provinces. The nation's sole defense lay in an integrated state oil monopoly. Thus, the legislation passed by the Chamber in 1927 had to be complemented by the expropriation of private oil holdings. According to the personalista Deputies, it was a question of principle, not of particulars. As for the detailed information demanded by the opposition, Deputy Giuffra commented that facts and

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<sup>10</sup>Ibid., 1928, IV, 371-376.

<sup>11</sup>Ibid., 1928, IV, 370.

figures had not posed "a basic question" for his party.<sup>12</sup> On financing expropriation, Gilberto Zavala (UCRp, S.L.) informed the Chamber that the personalistas did not consider expropriation to be a business matter:

It is another concept, another principle, another objective that is being pursued with this law, and that objective has never been subject to delay, even by the fear that we might not have sufficient funds to restore to state ownership all the concessions and oil works under the control of private interests.... [Money] would be a matter for the judges and for court decisions....<sup>13</sup>

The voting was a prefatory exercise with 79 personalistas holding sway against 17 non-personalistas.<sup>14</sup>

With the return of the personalistas to Government House on October 12, 1928, the expropriation measure took on added significance. Coupled with the oil bills approved by the 1927 Chamber, it provided a clear indication of the general economic policy the personalistas intended to pursue

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<sup>12</sup>Ibid., 1928, IV, 358.

<sup>13</sup>Ibid., 1928, IV, 389.

<sup>14</sup>Ibid., 1928, IV, 390. The figures recorded here represent the results of the "general" or preliminary vote on the bill. The vote count on the specific articles was not recorded. The bill approved by the Chamber varied from that which originally had been introduced and subsequently reported out of Committee in that additions were made to clarify the fact that expropriation referred to exploration as well as exploitation concessions, and to the physical plant of private concessionaires as well as to the oil deposits themselves. Ibid., 1928, IV, 394-396.



during Yrigoyen's second administration. The tendency was to reject the 19th century liberal economic notion of the "referee state" in favor of increased government intervention in national economic development. Diego Luís Molinari, speaking before an Alianza Continental rally on July 30, 1928, highlighted this tendency when he discussed the ideological significance of his party's petroleum policy:

At the bottom of this question lies the mundane debate over whether it is the interests of the State or the individual that must dominate in the economic regulation of the properties which constitute the collective patrimony. We are inclined toward the State, and we believe that the State must control these important resources....<sup>15</sup>

La Epoca indicated the same philosophical bent in an editorial on August 23, 1928:

Obviously, if the government intends to govern with intelligence and firmness, it should first direct its thoughts toward consolidating the country's economic organization.<sup>16</sup>

It was now time, contended La Epoca, to abandon the haphazard pattern of past economic growth and institute government planning and controls. In the case of petroleum,

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<sup>15</sup>La Epoca, July 30, 1928, p. 2.

<sup>16</sup>Ibid., August 23, 1928, p. 1.

a precise policy for implementing the personalista economic philosophy already had been outlined

With respect to the industrial phase of the petroleum question during Yrigoyen's second term, the President's first and perhaps most important decision was to retain Mosconi as YPF's Director General. Although the "petroleum General's" accomplishments since 1922 seemed to obviate any doubts about his retention, his refusal to embrace the personalista version of a state oil monopoly must have aroused some second thoughts. His reappointment, therefore, stands as testimony to his achievements and to his prestigious position as the undisputed leader of Argentina's oil nationalists.

Measured statistically, YPF's 1929-1930 performance fell far short of the spectacular advances recorded between 1923 and 1928. Crude oil production, for instance, only rose slightly from 860,604 m<sup>3</sup> in 1928 to 872,171 m<sup>3</sup> in 1929, and then declined to 828,013 m<sup>3</sup> in 1930.<sup>17</sup> Other quantifiable facets of the state enterprise displayed a similar penchant for expanding slowly or stabilizing during 1929 and 1930. The outstanding exception involved YPF's sales of

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<sup>17</sup>BIP, December 1936, 18, 29, 34. Though the bulk of state crude oil production continued to come from Comodoro Rivadavia, declining productivity in the central fields there sent the percentage below 90 (87.1) for the first time in 1930.

gasoline which shot up from 100,050,105 liters in 1928 to 189,916,327 liters in 1930.<sup>18</sup> In spite of the slower growth rate, however, YPF continued to be a profitable undertaking, as can be seen from the expansion of its capital base from 166,291,826 pesos m/n in 1928 to 228,403,788 pesos m/n in 1930.<sup>19</sup>

Internal factors such as the limited capacity of state refining facilities, the neglect of exploratory activity, and the declining productivity of the central field in Comodoro Rivadavia must have had a negative effect on YPF's growth rate, but the fact that the production curve for the private sector of the industry mirrored that of YPF suggests that the generally unstable conditions during Yrigoyen's second administration, combined with the developing world economic crisis were at least partially responsible for YPF's 1929-1930 record.<sup>20</sup>

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<sup>18</sup>YPF, Desarrollo de la industria, 391. The reasons for this expansion are discussed below.

<sup>19</sup>Ibid., 230.

<sup>20</sup>Private crude oil production rose from 581,459 m<sup>3</sup> in 1928 to 620,895 m<sup>3</sup> in 1929, and then fell off to 603,094 m<sup>3</sup> in 1930. While their production curve resembled that of YPF the private companies were slowly increasing their share of total national crude oil production. Their percentage, which stood at 40.3 in 1928, inched up to 41.6 in 1929 and 42.1 in 1930. As with YPF, private production continued to be concentrated in the Comodoro Rivadavia region (79.0% in 1929, 74.3% in 1930), and as in the past, it was primarily the work of only a few of the active private companies; Astra, Cía. Ferrocarrilera de Petróleo, Cía. Industrial y Comercial de Petróleo, and Standard Oil of New Jersey.



While the nation remained dependent upon foreign fuel sources,<sup>21</sup> YPF provided tangible benefits for Argentina's consumers by first forcing a reduction in the retail price for gasoline and other petroleum products, and then establishing prices which were uniform throughout the country. Prior to 1929, Argentina's liquid fuels market was controlled by the nation's largest importer, the West India Oil Company, a Standard Oil affiliate.<sup>22</sup> Prices for petroleum derivatives tended to fluctuate rapidly in any given area, and to increase in direct proportion to the linear distance from centers of production and distribution.<sup>23</sup> As long as YPF

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BIP, December 1936, 19-28, 30-33, 35.

<sup>21</sup>The continued reliance on foreign fuel suppliers can be gauged from the following statistics; for every ton of fuel oil sold by YPF during 1929-1930, nearly 2 were imported, for each liter of gasoline sold, 2.5 were imported, and for each liter of YPF kerosene consumed, about 3.75 were imported. In addition, coal imports remained in excess of 3 million tons a year. Importación de combustibles y lubricantes. (BIP Reprint), 12, 15, 30; YPF, Desarrollo de la industria, 391.

<sup>22</sup>Mosconi, El petróleo argentino, 171.

<sup>23</sup>Between January 1923 and December 1926, the price of gasoline in the Federal Capital oscillated between 24 and 29 centavos per liter, never stabilizing at any level for more than five months at a time. (YPF, YPF, 1907-1937 (Buenos Aires: YPF, 1937), 54.) And in July 1929, YPF gasoline was selling at eleven different prices ranging from 20 to 34 centavos per liter in various areas of the nation. YPF, Desarrollo de la industria, 395; Mosconi, El petróleo argentino, 241.

supplied only a small segment of the internal market, its prices conformed to those set by the private distributors and retailers.

The foundation of YPF's 1929 move to take control of the domestic market was laid four years before with the construction of the large refining complex in La Plata. State production and sale of petroleum products virtually mushroomed after 1925. In the case of gasoline, YPF sales between 1924 and 1929 expanded from 3,690,050 to 126,660,134 liters, with the latter figure amounting to slightly over 15% of all domestic gasoline sales in 1929.<sup>24</sup> It was at this point that YPF's directors began to consider marketing their own products and lowering retail prices.<sup>25</sup>

With the intent of avoiding a price war, government representatives contacted private importers and producers of gasoline with a plan to gradually lower prices and replace imported with domestically-produced gasoline. The private firms were offered a 3 centavos per liter price reduction along with an arrangement whereby the importation of gasoline was to be scaled down in accordance with increasing national production. Given agreement on these conditions, the government spokesmen were prepared to

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<sup>24</sup>YPF, Desarrollo de la industria, 391.

<sup>25</sup>Mosconi, El petróleo argentino, 153.

promise that the process of import substitution would be a gradual one. If the private companies hesitated, it was suggested to them that YPF would rush the construction of another refinery and process crude oil supplied by sources independent of the international trusts until such time as domestic production reached the necessary level. In this case, it was pointed out, the private interests would lose control of the Argentine market more rapidly.<sup>26</sup>

When the attempt to reach an accord with the private companies failed, YPF took the dramatic step. On May 1, 1929, the state firm took charge of its own sales activity, and three months later, YPF announced a 2 centavos per liter price cut for gasoline, effective nationwide. On November 11, a similar reduction was declared, and during January 1930 regional price lowerings were implemented in the Province of Salta and in the area around Mar del Plata. Finally, on February 17, 1930, YPF standardized the price of state-produced gasoline at 20 centavos per liter everywhere in the country. At each step along the way, private retailers reluctantly lowered their prices to the levels established by YPF. Official sources estimated that the combined state and private reductions in the price of gasoline saved the nation's consumers 52,000,000 pesos m/n

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<sup>26</sup>Ibid., 153-154. Mosconi's account is the only one I have seen of these negotiations.



during the first year.<sup>27</sup>

YPF's assertion of control over the domestic market was hailed widely, especially by the oil nationalists. La Epoca echoed the common sentiment when it praised the price reductions for liberating Argentina from "foreign economic tutelage" in an area vital to national development.<sup>28</sup> The only sour note was sounded by La Prensa which labeled the price reductions a propaganda trick employed by those who had damaged the national oil industry by discouraging privately-financed exploitation.<sup>29</sup> Mosconi viewed YPF's success in setting market prices as the capstone of his career with the state oil agency. Referring to the August 1, 1929 price reduction, he wrote in 1936,

This constitutes the termination of an intense eight-year campaign which has produced substantial moral and material benefits for the country....<sup>30</sup>

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<sup>27</sup>Ibid., 154-155; YPF, Desarrollo de la industria, 393-395. The above account has concentrated upon gasoline because, in terms of YPF's competition with private importers and producers, gasoline was the most significant single item. However, gasoline price reductions on other by-products were also forced by YPF, and on February 17, 1930, uniform prices were established for kerosene (19 centavos per liter), airplane fuel (26 centavos per liter), and agricol, a tractor fuel (16 centavos per liter).

<sup>28</sup>La Epoca, November 13, 1929, p. 1. See also La Epoca, December 6, 1929, p. 1, March 2, 1930, p. 4; La Argentina, February 18, 1930, p. 1, April 25, 1930, p. 1.

<sup>29</sup>La Prensa, December 7, 1929, p. 16.

<sup>30</sup>Mosconi, El petróleo argentino, 161.

One of the most interesting questions raised by YPF's drive to control the internal market involves why the private interests allowed it to happen. In 1929, YPF was selling only slightly over 15 out of every 100 liters of gasoline consumed by Argentines. Just 18 months before the August 1, 1929 price reduction, the chief administrator at the La Plata distillery, Enrique Canepa, had stated that while YPF's production costs would have permitted a reduction in the price of gasoline, "our limited production capacity in relation to market demand would obviously make the attempt to reduce it ineffective."<sup>31</sup> These conditions evidently convinced the private sector that YPF could not lower prices, and led the private producers and importers to frustrate the negotiations on marketing gasoline sought by the government.

When YPF did take the initiative and cut prices, the private firms were in a sense trapped with at least three factors militating against their starting a price war. First, the oil nationalists' campaign had the private companies on the defensive, and any action on their part which could have been construed as exploitation of Argentine consumers would have been impolitic. Secondly, and more tangibly, YPF was supplying a relatively small share of

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<sup>31</sup>La Epoca, February 13, 1928, p. 4.

the market, but its stockpiles were sufficient to expand that share if private prices remained up.<sup>32</sup> Lastly, YPF appeared ready to make good on its threat to tap an independent fuel source capable of supplying the state firm with gasoline in sufficient quantities to maintain the new low prices and eventually to supply the entire domestic market if necessary. That source was a Russia anxious to expand its international trading contacts. During 1929-1930, negotiations were under way on a government-to-government trade arrangement with the Russian state monopoly company for international trade, Iuyamtorg. By August 1930, agreement had been reached on a three-year pact according to which Argentina would have purchased annually 250,000 tons of gasoline under advantageous conditions, and Russia would have used the proceeds from its sales to acquire Argentine products.<sup>33</sup> The agreement fell victim to the September 6, 1930 overthrow of Yrigoyen, but its near reality undoubtedly

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<sup>32</sup>La Argentina suggested Yrigoyen purposefully waited for stockpiles to accumulate before lowering prices (February 18, 1930, p. 1.), and the American Ambassador in Buenos Aires cited YPF's inability to get rid of its mounting inventory as the sole reason for the price reductions. (RRIAA, Bliss to Stimson, December 12, 1929, 835.6363/336.) No exact figures on the extent of YPF's stockpiles are available, but some indication may be taken from the fact that in 1929 and 1930, the state enterprise sold over 37,000,000 more liters of gasoline than its refineries turned out. YPF, Desarrollo de la industria, 339, 343-345, 391.

<sup>33</sup>For discussions of this agreement, see Frondizi, Petróleo y política, 249-252; Del Mazo, El radicalismo, 138-140; Larra, Mosconi, 124-147. Under the terms of the



helped discourage any ideas the private firms had about fighting YPF's price reductions.

In Salta, YPF's problems with private petroleum interests, specifically with Standard Oil of New Jersey, were not so easily resolved. As has been indicated, Standard's activities in Salta coupled with the manner in which Joaquín Corvalán's government (1926-1928) was enforcing the mineral laws had been a source of constant concern to Mosconi and YPF since 1924. By 1927, the state agency was convinced that conditions had deteriorated to the point where YPF's physical presence was necessary in Salta to exercise, in Mosconi's words, "a moderating influence on the company and on the provincial authorities, ...."<sup>34</sup> When Corvalán's administration rebuffed YPF's efforts to obtain exploration and exploitation rights in the province, the state company found an alternate course of entry. On November 3, 1927, YPF concluded an agreement with Francisco Tobar which ceded to YPF

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proposed pact, Argentina had the right to increase or decrease the amount of gasoline purchased in any one year by up to 100,000 tons. The price per liter would have been between 9 and 11 centavos, while the gasoline Argentina actually imported in 1929 and 1930 cost almost 22 centavos per liter.

<sup>34</sup>"El Intransigente", El petróleo del norte argentino, (prologue by E. Mosconi), xx. See also, YPF, "Acta No. 831," 24.

the petroleum rights held by Tobar in Salta.<sup>35</sup> During the early months of 1928, state workmen installed equipment at the "República Argentina" wells. Drilling began in April, and by September crude oil was being extracted.<sup>36</sup>

In the meantime, almost as if it had been planned, a direct confrontation developed between YPF and Standard Oil over oil rights in the territory immediately adjacent to the "República Argentina" site.<sup>37</sup> YPF claimed that the rights it had obtained from Tobar extended to the area surrounding the wells, and that Corvalan's government had fraudulently lapsed those rights and made new concessions placing the area under Standard's control.

From all appearances, YPF faced another frustrating round in its long battle with Standard Oil. This time, however, YPF had a new and powerful ally. The personalista sweep in the 1928 elections had extended to the gubernatorial race in Salta and returned Julio Cornejo, an Yrigoyenista, to office. Assuming power on May 1, 1928, Cornejo immediately turned to the YPF-Standard conflict. After being approached by Mosconi with YPF's side of the affair on May 2

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<sup>35</sup>For a copy of the contract, see YPF, Recopilación, I, 262-265.

<sup>36</sup>YPF, Desarrollo de la industria, 257; Mosconi, El petróleo argentino, 139-141.

<sup>37</sup>Frondizi, Petróleo y política, 236-237; "El Intransigente", El petróleo del norte argentino, (prologue by E. Mosconi), xxi-xxvi. Both of these sources present a

and soliciting a reply from Standard Oil,<sup>38</sup> he concluded that Standard's concessions had been granted illegally by the Corvalán government.<sup>39</sup> Cornejo, therefore, issued a decree on May 31 which ordered a halt after 90 days to all operations of both parties in the disputed area until their permits were legally submitted, processed and granted. It further provided that within the 90-day period the concessionaires could apply to the Salta government for the signing of an agreement which would be necessary before any grants would be made relevant to the area around the "República Argentina" wells.<sup>40</sup> Cornejo, in a letter to Yrigoyen, explained that the agreement mentioned in the decree would establish the conditions for exploitation necessary to safeguard the nation's and Salta's oil interests.<sup>41</sup>

While Cornejo's actions were in accord with Yrigoyen's

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personalista interpretation of the Salta conflict, but they do recount the sequence of events accurately.

<sup>38</sup>RRIAA, Bliss to Kellogg, May 24, 1928, 835.6363/314, Bliss to Kellogg, June 13, 1928, 835.6363/315.

<sup>39</sup>Cornejo to Yrigoyen, June 19, 1928, letter printed in La Epoca, June 26, 1928, p. 1.

<sup>40</sup>For a copy of the decree, see La Epoca, June 5, 1928, pp. 1-2.

<sup>41</sup>Cornejo to Yrigoyen, June 19, 1928, letter printed in La Epoca, June 26, 1928, p. 1.



oil policy and won raves from the personalista press,<sup>42</sup> their legality was questioned by other sources. United States Ambassador Robert W. Bliss described Mosconi's request to Cornejo that Standard's concessions be annuled as

a demand that the new Government [Cornejo's] undo acts conferring property rights performed by two previous constitutionally constituted Provincial Governments acting within their vested authority, to the exclusion of the Courts of Justice.<sup>43</sup>

Standard Oil's directors, sharing Bliss's views and knowing they would receive no redress from Cornejo's administration, went before the Supreme Court of the nation to request that the Salta decree of May 31, 1928 be declared unconstitutional and that Standard's concessions be restored. Standard's case was prepared by the offices of Rómulo S. Naón, with the consultation of two eminent conservative experts, Matías G. Sánchez Sorondo and Manuel Augusto Montes de Oca.<sup>44</sup> Salta's defense was prepared by the legal studios of Silvio Bonardi, a lawyer specifically recommended to

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<sup>42</sup>Ibid., June 3, 1928, p. 1, June 29, 1928, p. 1, July 1, 1928, p. 1.

<sup>43</sup>RRIAA, Bliss to Kellogg, May 24, 1928, 835.6363/314. Bliss interpreted events in Salta as simply an extension of the personalista campaign to federalize Argentine oil.

<sup>44</sup>Rómulo S. Naón, Inviolabilidad de la propiedad minera (Buenos Aires: Editorial Muro, 1928). The Chief Justice of the Court was José Figueroa Alcorta, the man who was President in 1907 when the Comodoro Rivadavia discovery was made.

Governor Cornejo by Yrigoyen.<sup>45</sup>

The legal technicalities of this case, which was not decided until March 1932,<sup>46</sup> need not detain us, but the briefs presented by the contestants are instructive because they reflected the differing approaches of the two sides in the debate over petroleum development. Naon's presentation was rigidly legal in scope, cataloguing laws and shorn of ideological overtones. In this respect, it mirrored the tendency of private oil interests and political conservatives to discuss petroleum in legal and economic terms and discourage the intrusion of ideological concerns.<sup>47</sup>

Bonardi's brief, on the other hand, provided the requisite legal arguments, but it also bristled with the anti-imperialist rhetoric which characterized the campaign of the oil nationalists. Bonardi, himself, highlighted the differences in approach when he accused Standard's lawyers of attempting to present as "a civil dispute" what was

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<sup>45</sup>Silvio E. Bonardi, En defensa de la riqueza nacional del petróleo, ante la suprema corte de la nación (Buenos Aires: Rinaldi Hnos., 1928).

<sup>46</sup>For a copy of the Court's decision, see BIP, No. 91 (March 1932), 165-208. Standard received substantially what it requested from the Court.

<sup>47</sup>For examples of this tendency, see Alejandro Bunge, "El problema económico del petróleo," Revista de Economía Argentina, No. 144 (June 1930), 401-436; "Astra", Compañía Argentina de Petróleo, et. al., Las compañías industriales de petróleo ante el honorable senado de la nación (Buenos Aires: Casa Editora "Coni", 1928).

actually a much more fundamental issue.<sup>48</sup> In his opinion, the Court was faced with deciding

whether Argentina's subsoil riches belong to Argentines, or whether, on the contrary, this incalculable wealth must be surrendered to monopolization and the foreign "trusts" so they can drain every deposit and then return the sterile land after their dividends will have extracted from us the entire Argentine patrimony.<sup>49</sup>

In short, while representing the Province of Salta, Bonardi carried the banner of oil nationalism to the nation's highest court.

An informative sidelight to the Salta dispute emerged when opponents of petroleum federalization accused the personalistas of failing to defend provincial autonomy. La Epoca's response came remarkably close to a rejection of the traditional Argentine concept of federalism. In a July 1, 1928 editorial, the personalista paper declared that provincial autonomy had been used during the "régimen" era as a shield for dishonest provincial governments that sought to fleece Argentines of their rights and riches. For the UCR, claimed La Epoca,

autonomies are for the people and not for governments that seek to wrap themselves in the banner of autonomy in order to legitimize the impunity of

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<sup>48</sup>Bonardi, En defensa de la riqueza nacional, 8-9.

<sup>49</sup>Ibid., 142.



their excesses and extralegal actions.<sup>50</sup>

The following day, La Epoca returned to the same theme:

Provincial autonomies...are wheels in a single mechanism which is dedicated to the fulfillment of the supreme and organic objective of the Argentine people - the creation of a great homeland,...[and] nowhere is it stated nor can one logically imagine that the national interest must be subordinated to regional interests,....<sup>51</sup>

In their support for petroleum federalization, La Epoca and the personalistas were indulging in an interpretation of federalism which threatened to destroy what limited substance the system had had in the past.<sup>52</sup> Yet their interpretation was a logical corollary to the personalista drive to expand the national government's role in economic development.

At the national level during Yrigoyen's second term, the scene of battle shifted from the Chamber of Deputies to the Senate. The petroleum bills fashioned by the personalistas in the Chamber faced an imposing obstacle in the more conservative Senate, particularly given the personalistas'

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<sup>50</sup>La Epoca, July 1, 1928, p. 1.

<sup>51</sup>Ibid., July 2, 1928, p. 1.

<sup>52</sup>So harshly did the personalistas treat provincial autonomy, that the most eminent of Radical historians, Gabriel del Mazo, would later assert that their attempt to federalize oil was based on a mistaken understanding of Argentine federalism. Del Mazo, El radicalismo, 72-78.

lack of voting power in the Upper Chamber. From 1928 to 1930, seven personalista Senators faced one Socialist (Orthodox) and eighteen Conservatives and antipersonalistas.<sup>53</sup>

Senators Delfor del Valle (B.A. Prov.) and Diego Luís Molinari (Capt. Fed.) led the personalista struggle to hasten Senate consideration of the proposals on petroleum federalization, monopolization and expropriation, but it was a futile exercise as the bills remained mired in Committee.<sup>54</sup> Each time the two Yrigoyenist stalwarts raised the question, the scene was the same. Personalista Senators emphasized the urgency of passing oil legislation and sketched the devastating consequences of failing to do so. Opposition spokesmen blamed the personalistas for the delay, warned against discussing such complicated matters without painstaking study, and maintained that the Executive decrees creating oil reserves and halting the issuance of new oil concessions were sufficient checks on private interests until a law was completed.<sup>55</sup>

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<sup>53</sup>Etchepareborda, "Yrigoyen y el Congreso," 64.

<sup>54</sup>The bills were being considered jointly by the Committee on Legislation and the Committee on Codes. Understandably, both committees worked with Conservative-antipersonalista majorities.

<sup>55</sup>Senadores, Diario, 1928, 279-280, 282-289, 535-537, 687-695; 1929, II, 448-453, 637-649.

Only on September 27, 1929, three days before the close of Congress's annual sessions, was an apparent step forward taken when the Senate created a special five-man Committee to draft a bill. The Committee was to meet during Congress's recess (September-May) with the understanding that if the President called for Extraordinary Sessions, the Committee's report might be submitted during those meetings.<sup>56</sup>

The obvious intent of the anti-government majority to bottle up petroleum legislation in Committee was facilitated by the irregular pattern of Senate activity during these years. Never was that body prepared to function on the constitutionally designated opening date of May 1. And when the Senate was ready for work, sessions frequently were wasted either for the lack of a quorum or through prolonged and sterile political discussions.

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<sup>56</sup>Ibid., 1929, II, 637-649. The motion to create a Special Oil Committee was made by Conservative Senator Juan Vidal (Corr.). On the grounds that five Senate Committees had an interest in the framing of an oil law, he proposed that the Special Committee be composed of the Chairmen of the Committees of Legislation, Codes, Constitutional Matters, Treasury, and Agriculture. As a result, the membership included four Conservatives and one Orthodox Socialist; Alejandro Ruzo (Catam.), Luis Etchevehere (E.R.), Carlos Serrey (Salta), Mario Bravo (PS, Capt. Fed.), Héctor de la Fuente (L.R.). Serrey chaired no Committee, but Bravo chaired two and Serrey was a member of both. Thus, Serrey apparently was selected to represent one of those committees on the Special Oil Committee.



Yrigoyen, in October 1929, decreed the anticipated extra sessions for the legislators, and, at the same time, he designated petroleum legislation as one of the matters to be considered.<sup>57</sup> On four subsequent occasions during the Extraordinary Sessions, Yrigoyen and his Minister of Agriculture, Juan B. Fleitas, sent the Upper Chamber reminders of the pressing nature of the petroleum question and of the need to sanction the bills forwarded from the Chamber.<sup>58</sup> The President's note of December 7, 1929 predicted that conversion of those measures into law

will preserve the country from the disruptions experienced by all peoples, while, at the same time, reserving for the inhabitants of the Republic the incalculable wealth deposited in its soil....<sup>59</sup>

Unconvinced by such assurances, the Senate continued to delay.

The Special Oil Committee proved as ineffective as the President's pleas at expediting Senate action. Rather

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<sup>57</sup>Ibid., 1929, II, 733.

<sup>58</sup>Ibid., 1929, II, 733-735 (October 22, 1929), 735 (November 19, 1929); 1929, III, 131 (December 7, 1929), 202-204 (January 17, 1930). The dates given here are those which appeared on the Executive's notes. Fleitas was a Corrientes lawyer who had been President of the Radical Party in his native province before joining Yrigoyen's second administration.

<sup>59</sup>Ibid., 1929, III, 131.

its work became the center of new controversy. During seventeen meetings in October and November, the Committee heard testimony from Minister Fleitas and General Mosconi, from ex-employees of YPF, and from representatives of private oil investors and consumers. Written reports from oil experts were also collected, along with data on YPF's operations. As of the end of November, however, the committeemen had received no reply from government officials to some pointed questions concerning the cost of expropriation, the relationship between national production and consumption of petroleum products, and the expense of operating a state monopoly over the exploration, exploitation, transport, and sale of petroleum.<sup>60</sup> These were the kinds of questions that personalista Deputies had consistently tried to avoid during the Chamber debates.

After two months of intense work, the Committee interrupted the main business of drafting a petroleum bill to request investigatory powers from the Senate. In defending the Committee's petition, Senator Ruzo explained that the group's labors had revealed two points which needed clarification. First was the matter of allegations that certain unspecified Senators were working for Standard

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<sup>60</sup>For an outline report of the Special Oil Committee's work during October and November 1929, see Ibid., 1929, III, 70-71. In addition to the points noted above, the list of matters on which the Committee had requested information from the Minister of Agriculture and YPF included YPF's

Oil. Citing evidence of such charges from La Epoca's pages and from propaganda posters and speeches, Ruzo expressed the Committee's desire to determine which, if any, Senators were involved and to what extent. The second subject needing investigation, according to the Committee, was YPF. Ruzo reported that information presented by sources he described as "world renowned technicians" made it advisable "to dig a little" into the financial and technical phases of the state enterprise. Over the unanimous opposition of the personalista Senators, the Committee's request for expanded powers was granted.<sup>61</sup>

The nationalist press scoffed at the Special Oil Committee's proposed investigations and presented them as simply another trick to delay passage of an oil law. In the words of La Acción, they were

gold dust thrown in the eyes of the gullible,...[and], in reality, they are pretexts for dragging the matter out and keeping it in committee....<sup>62</sup>

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advertising and price-setting policies, the extent of private exploration and exploitation, and the activity of privately owned refineries.

<sup>61</sup>Ibid., 1929, III, 23-29. Ruzo specifically referred to La Epoca's issues of November 11, 20, and 25, 1929.

<sup>62</sup>La Acción, December 20, 1929, p. 1. La Acción, the semi-official press arm of the Alvear administration, changed hands in August 1928. I have been unable to identify the new directors, but they threw the paper's weight solidly behind Yrigoyen's petroleum policy.



The La Epoca articles cited by Ruzo on the Senate floor consisted of two reports on Alianza Continental rallies held to build support for the personalista oil policy, and the transcript of a radio address delivered to the same end by an engineer, Eduardo Eiriz Maglione, under the auspices of the Comité Universitario Radical.<sup>63</sup> Among the passages which probably aroused the concern of the Senate Committee was Maglione's contention that

several national Senators are intimately tied to oil firms. The Senate of the Nation, therefore, constitutes no guarantee.<sup>64</sup>

Similar statements were reported to have been made at the Alianza Continental gatherings by General Alonso Baldrich and by Alianza President Arturo Orzábal Quintana.

In an effort to justify the mass character assassination in which some of its speakers had indulged, the Alianza published a three-part proclamation in successive issues of La Argentina.<sup>65</sup> Since no further evidence was published, the first of the three installments contained what must be

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<sup>63</sup>La Epoca, November 11, 1929, p. 3, November 20, 1929, p. 5, November 25, 1929, p. 1.

<sup>64</sup>Ibid., November 20, 1929, p. 5.

<sup>65</sup>La Argentina, December 22, 1929, p. 3, December 23, 1929, p. 3, December 24, 1929, p. 3. Three days prior to the first installment, General Baldrich took over the editorship of La Argentina. His newspaper career is discussed below.

assumed to have been all the specific information that organization had at its disposal concerning "Standard Oil's Senators". Attention was focused on Rudecindo S. Campos of Jujuy. The material presented indicated that before Campos entered the Senate in 1927, he had acted as a legal representative for Standard Oil, and that he had helped Standard to acquire oil concessions in Jujuy. Selections from the 1927 Senate debate on Campos's credentials also were printed to suggest that his election could be traced to the financial influence of Standard Oil and the sugar interests in Jujuy's legislature.

Salteños Luís Linares and Carlos Serrey were the only other Senators named in the proclamation. In their cases, a brief and tenuous attempt was made to link their political party, the Unión Provincial, with Standard Oil money. In none of the three cases did the Alianza Continental document present any evidence that, while the three men named were serving as Senators, they had entered into collusion to advance the interests of Standard Oil in the halls of Congress. This does not prove that collusion did not exist, but the point remains that on the basis of the evidence presented, the accusations made were little short of libelous.

Without attempting to defend the making of irresponsible charges against public figures, it should be noted that the

Senate doubly exacerbated the circumstances which produced those charges. In the first place, by November 1929, it had postponed discussion of the Chamber's oil bills for over two years. Parliamentary delay was a legitimate tactic for opposing unwanted legislation, but with a controversial issue like petroleum, the Senate might better have drafted and defended a petroleum bill to its own liking. Such forthright action would have left the motives of the Senators who opposed the government's policy less open to suspicion. Secondly, when the rectitude of some Senate members was publicly questioned, and the Special Oil Committee empowered to investigate, the Committee should have acted swiftly and published its findings. The failure to do so opened the door to more reckless speculation and unfounded accusations.

As for the Committee's investigation of YPF, that too was greeted by oil nationalists as a ruse, and as evidence of the Committee's predisposition in favor of private petroleum interests. La Epoca charged that the Committee was intent upon discrediting state oil development, and that the information which prompted the investigation was supplied by spokesmen for private oil interests and by former employees of YPF who had been discharged for



incompetence and undesirable qualities.<sup>66</sup> The records of the Committee's hearings are not available to test La Epoca's allegations, but one Standard Oil official reported to the United States Ambassador that representatives of his firm who went before the Special Oil Committee found the atmosphere "distinctly friendly", and that generally private oil men were questioned in a manner which tended to reveal irregularities or incompetence on the part of YPF.<sup>67</sup>

The Committee pursued its investigations and studies through the early months of 1930, with its members making the by now ritualistic junkets to the Salta oil fields and to YPF's refinery in La Plata.<sup>68</sup> Nonetheless, reports in April that the group was finally going to issue its report proved mistaken.<sup>69</sup>

As the prospects for Senate action waned, the stridency and irresponsibility of the nationalists' attacks on the Upper Chamber, and especially on the Special Oil

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<sup>66</sup>La Epoca, December 6, 1929, p. 1. See also La Argentina, December 8, 1929, p. 1, December 27, 1929, p. 1; La Acción, December 9, 1929, p. 1.

<sup>67</sup>RRIAA, Bliss to Stimson, November 14, 1929, 835.6363/335.

<sup>68</sup>La Vanguardia, April 18, 1930, p. 2, April 30, 1930, pp. 1-2; La Acción, April 22, 1930, p. 1; La Argentina, April 10, 1930, p. 1, April 23, 1930, p. 1.

<sup>69</sup>La Vanguardia, April 18, 1930, p. 2; La Acción, April 4, 1930, p. 1, April 23, 1930, p. 1; La Argentina, March 28, 1930, p. 1.

Committee, mounted. The impatience and frustration of the nationalist press was apparent in outbursts like the following from La Argentina:

The continuance of things as they have developed until now would justify whatever popular pressure that might be applied, because the community does not have to tolerate the Argentine Parliament acting like a dependency of Standard Oil, serving its purposes and seconding its commitment to enslave our sovereignty.<sup>70</sup>

Rash, unfounded accusations against Senators and other public figures who in some way could be connected with Standard Oil became the common coin of the pro-personalista press. La Epoca stuck to general denunciations, probably because its director, Delfor del Valle, was himself a Senator, but La Argentina and La Acción exercised no such restraint. Senators Serrey and Campos were the chief targets for this type of invective,<sup>71</sup> but also included on the list of alleged "friends, partners, partisans, servants, straw men or employees" of Standard were Senators Mario Bravo (Capt. Fed.), Alfredo Guzmán (Tuc.), Luís Etchevehere (E.R.), Leopoldo Melo (E.R.),

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<sup>70</sup>La Argentina, March 26, 1930, p. 1.

<sup>71</sup>La Acción, January 7, 1930, p. 1, January 8, 1930, p. 1, April 22, 1930, p. 1; La Argentina, December 21, 1929, p. 1, January 5, 1930, pp. 1, 3, January 15, 1930, p. 1, January 20, 1930, p. 2, January 24, 1930, p. 1, February 18, 1930, p. 1.

Teófilo Sánchez de Bustamante (Jujuy), Juan Vidal (Corr.), and Luís Linares (Salta), along with several former provincial officials from Salta and Jujuy.<sup>72</sup>

When it appeared that nothing would shake the Upper Chamber's lethargy with respect to petroleum legislation, nationalist newspapers intimated that the answer lay in abolishing the Senate. La Acción warned the Senators of a public weariness that now awaits the slightest cause to manifest itself in an intense and demanding fashion.<sup>73</sup>

Three weeks later, La Epoca's message was more direct:

Located...like a stumbling block in the path of the [national] regeneration and of the country, the Senate's lot ought to be that which fatally and necessarily falls to everything that is dead weight and retrogressive.... The Senate must disappear so the country can proceed.<sup>74</sup>

This suggestion may have been divorced from reality, but in February 1930, it did appear to be the only way that the Chamber-approved oil bills would become laws.

While the nationalist press alternately ridiculed and threatened the Senate, sympathizers carried the campaign to the nation's street corners, plazas, theaters, lecture halls and air waves. Mosconi maintained his stance in

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<sup>72</sup>La Argentina, February 18, 1930, p. 1, February 20, 1930, p. 1, February 23, 1930, p. 1.

<sup>73</sup>La Acción, January 18, 1930, p. 1.

<sup>74</sup>La Epoca, February 10, 1930, p. 1.



the forefront of the movement, despite his known reservations about the personalista Radical's concept of a state oil monopoly. Speaking at the University of Mexico in February 1928, he suggested that the 1927 monopoly bill had been passed by an "excessively cautious" Chamber, and criticized its basic idea as a

formula which must fail because it not only establishes a monopoly in the least profitable facets of the entire industry [exploration and production], but it also creates a system which does not enjoy public acceptance.<sup>75</sup>

He then ticked off the standard list of complaints against state industrial monopolies; the lack of initiative, unnecessary administrative employees, bureaucratic slowness, and inflated production costs. If to all this, concluded Mosconi, one added the possibility of political interference in the industry's development, the results could be calamitous.<sup>76</sup>

On the questions of federalization and expropriation, Mosconi also found himself at odds with the government's policy. In the case of federalization, he disagreed with the method of implementation, not the principle. Given the assertion of national jurisdiction, Mosconi felt that the provinces were entitled to share the profits resulting

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<sup>75</sup>Mosconi, Dichos y hechos, 165.

<sup>76</sup>Ibid.

from oil exploited within their borders. The failure of the Chamber of Deputies to recognize that right, he contended, stirred legitimate opposition to federalization in provinces with proven or suspected oil reserves.<sup>77</sup>

As for expropriation, YPF's Director was in complete disagreement with the personalista policy. Mosconi believed that the purchase of private oil concessions would have placed a heavy financial drain on the national treasury in some cases, and, in other, it would have required funds "which would be beyond the present financial capacity of the nation." Furthermore, he warned that expropriation might occasion foreign reprisals in the form of tariff barriers against Argentine products. If the goal of expropriation was a state oil monopoly, Mosconi maintained that three measures would produce the same results gradually: 1) prohibit any expansion of present private holdings, 2) place reasonable levies on private production of crude oil, 3) expand the state industry so it could establish market prices, thus limiting the profits of private investors. When denied the profits they always

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<sup>77</sup>Ricardo Oneto, El petróleo argentino y la soberanía nacional (prologue by E. Mosconi) (Buenos Aires: Ferrari Hnos., 1929), vi. Mosconi may have been right on provincial concern over profit sharing, but the point was not a major one in the 1927 Chamber debates, nor was it in the brief Senate exchanges on oil legislation between 1928 and 1930.

pursued, predicted Mosconi, private companies would diminish and probably abandon their activities.<sup>78</sup>

If federalization were executed along the lines he recommended, Mosconi believed that the answer to the exploitation problem lay in a monopoly mixed company in which private investment would be limited exclusively to Argentines. By his own account, it was during a 1928 journey through other oil-producing nations in Latin America that he rejected his former preference for combining continued private exploitation with a series of mixed companies involving limited amounts of foreign private capital.<sup>79</sup> He had become convinced, he wrote in July 1928, that while private companies existed in Argentina, they would be involved in a commercial battle with state-financed exploitation, and that

in oil matters, [the battle] can produce a serious threat to the economic development and political peace of the country.<sup>80</sup>

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<sup>78</sup>Ibid., xv. For Mosconi's analysis of the technical problems involved in setting equitable prices for private holdings if they were to be expropriated, see Ibid., xii-xv.

<sup>79</sup>"El Intransigente", El petróleo del norte argentino, (prologue by E. Mosconi), xxx; Mosconi, El petróleo argentino, 182. For an account of Mosconi's trip, see Ibid., 213-230.

<sup>80</sup>"El Intransigente", El petróleo del norte argentino, (prologue by E. Mosconi), xxxi.



Mosconi was so adamant about excluding foreign capital from the oil industry that while sufficient domestic capital could not be found to finance his preferred system, he favored a total state monopoly to leaving the industry open to foreign investment.<sup>81</sup>

Specifically, Mosconi envisioned his mixed company as an integrated monopoly covering all phases of the oil industry with the capital divided 51-49% between government and private investors respectively. He wanted an autonomous organization in which the private investors would elect a majority of the directors and control the firm's administrative and technical development, while the government representatives in the directorate would exercise a veto power over major policy decisions. It was Mosconi's contention that such a mixed monopoly would have constituted

an organization of limitless advantages for the country, one whose management would be perfectly systematized and controlled through the reciprocal actions of the two participating forces; political interference stemming from state involvement would be resisted by the majority of

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<sup>81</sup>Ibid., xxx. Whenever Mosconi criticized foreign investors, it was usually Standard Oil which received specific mention, but his antipathy extended equally to the British trusts. Once when he was asked whether he preferred Standard Oil or Royal Dutch Shell, Mosconi described the former as a cord of hemp and the latter as a cord of silk and commented,

if the two cords, one rough and the other smooth, must be used to hang us, it would appear to me the most

the directorate which would represent private capital, and the tendencies of the latter toward excessive profits would be resisted through the veto power of the government representatives.<sup>82</sup>

Fundamentally, both Mosconi's position and the government's oil policy were nationalist and anti-imperialist in character. The differences in detail reflected the fact that the personalista politicians gave priority to establishing a sharply defined ideological position, while Mosconi, an experienced oil man, sought a solution which would accomodate his nationalist sentiments and still provide domestic consumers with a cheap and dependable supply of petroleum products.

Mosconi was accompanied in his search for a nationalist solution to the country's oil problem by such familiar and prestigious figures as Ricardo Oneto<sup>83</sup> and General Alonso

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intelligent course would be to reject both,....  
Mosconi, Dichos y hechos, 171.

<sup>82</sup>Oneto, El petróleo argentino, (prologue by E. Mosconi), xvi. See also, Mosconi, Dichos y hechos, 166-168; Mosconi, El petróleo argentino, 181-182; "El Intransigente," El petróleo del norte argentino, (prologue by E. Mosconi), xxx-xxxii.

<sup>83</sup>Oneto supported federalization and a state oil monopoly but not expropriation. Oneto, El centinela, 210-213; Oneto, El petróleo argentino, (prologue by E. Mosconi), 188.

Baldrich, Mosconi's military companion. Mosconi's biographer, Raúl Larra, asserts that Mosconi and Baldrich operated as a team with the former planning and organizing the nationalist campaign while Baldrich, unencumbered by a government post, acted as "the street agitator, the theater and radio speaker, [and] the public critic of Standard Oil."<sup>84</sup> Larra was correct about the close relationship between the two men and about Baldrich's relative lack of restraint in his public comments. However, Baldrich was not simply Mosconi's mouthpiece, as evidenced by the fact that he supported the personalista petroleum policy rather than Mosconi's mixed company monopoly.

Much of Baldrich's propagandizing was conducted under the auspices of the Alianza Continental which accorded him the title of "honorary councilor". Delivering radio address, and speaking frequently at Alianza meetings in and about Buenos Aires and in interior cities like Rosario and Cordoba, Baldrich warned unceasingly of the imperialist threat to Argentina's oil, attacked mercilessly the alleged crimes of Standard Oil and its allies, and demanded passage of the petroleum bills awaiting Senate attention.<sup>85</sup>

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<sup>84</sup>Larra, Mosconi, 108-109.

<sup>85</sup>La Epoca reported regularly on Alianza activities. The following citations include reports on meetings where Baldrich spoke and announcements of meetings at which he was scheduled to speak; September 24, 1928, p. 1, October



On December 19, 1929, Baldrich began disseminating his views through the pages of La Argentina, a newspaper over which he exercised editorial control until May 4, 1930.<sup>86</sup> Prior to Baldrich's takeover, La Argentina had supported Yrigoyen's petroleum policies, echoing the nationalist line,<sup>87</sup> but under the General, petroleum was elevated to the priority news item, and the paper's nationalism in oil matters assumed a rabid intensity.

The unsupported attacks on Senators which have been noted, constituted one of the two central themes of Baldrich's editorship. The other was a vicious campaign against Standard Oil for its alleged corrupt and criminal practices in Argentina and other nations. One series of articles began on December 30, 1929 and lasted through a dozen installments under the headline "STANDARD OIL EXPOSED FOR THE INTRIGUES IT IS CONDUCTING IN THE COUNTRY."<sup>88</sup>

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4, 1928, p. 1, November 19, 1928, p. 4, December 1, 1928 p. 2, January 7, 1929, p. 1, August 8, 1929, p. 2, October 19, 1929, p. 1, November 11, 1929, p. 3, November 25, 1929, p. 1, July 3, 1930, p. 1, July 31, 1930, p. 3.

<sup>86</sup>The circumstances which placed control of La Argentina in Baldrich's hands are unclear, as are the reasons for his leaving the paper in May 1930. It may be significant, however, that Baldrich's tenure encompassed the months surrounding the March 1930 Congressional elections.

<sup>87</sup>La Argentina, November 29, 1929, p. 1, December 1, 1929, p. 1, December 8, 1929, p. 1, December 12, 1929, p. 1.

<sup>88</sup>Ibid., December 30, 1929, p. 1, December 31, 1929, pp. 1-2, January 2, 1930, p. 3, January 3, 1930, p. 1, January 4, 1930, p. 3, January 5, 1930, p. 3, January 6,

With Baldrich's departure from the editor's chair, La Argentina's character again changed abruptly. Petroleum news was accorded low key coverage. The personal attacks on Senators ceased. Standard Oil received only occasional notices, and by July 1930, soccer was front page news in La Argentina.

At the level of organized propaganda activity, no group did more to cultivate popular support for Yrigoyen's oil policy than the Alianza Continental. Devoting its talents, energies, and funds exclusively to this cause, the Alianza supplied batteries of speakers for rallies in the Federal Capital and in the major provincial urban centers. On several occasions in Buenos Aires, demonstrations were organized at four or five of the main plazas simultaneously with each gathering hearing a half dozen Alianza orators. Two series of radio addresses sponsored by the Alianza carried the organization's message to late evening audiences in Buenos Aires. Besides President Orzábal Quintana and other members of the group, the speakers at Alianza meetings included Baldrich, Senator Diego Luís Molinari, National Deputy Víctor Guillot (UCRp, Capt. Fed.), YPF counsel Julio Aguirre Celiz, and the former YPF administrator in

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1930, p. 1, January 9, 1930, p. 3, January 10, 1930, p. 3, January 11, 1930, p. 3, January 12, 1930, p. 3, January 13, 1930, p. 3.

Comodoro Rivadavia, Naval Captain Felipe Fliess.<sup>89</sup>

Mosconi's relations with the Alianza Continental present something of an anomaly. Despite the disparity between his solution on oil legislation and the Alianza's support for the personalista-style state monopoly, Orzábal Quintana has been quoted to the effect that the Alianza

was, in reality, the instrument which we most willingly placed at Mosconi's disposal in order to propagandize for his patriotic purposes.<sup>90</sup>

Furthermore, it is known that Mosconi helped Orzábal Quintana organize part of the Alianza's activities in mid-1929, and that Mosconi and the members of YPF's Directorate financed out of their own pockets the program which was mapped out.<sup>91</sup> Finally, in Mosconi's 1936 book, he listed himself among those who spoke at Alianza

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<sup>89</sup>The various activities of the Alianza Continental during Yrigoyen's second term may be followed in the pages of La Epoca, and, to a lesser extent, in La Vanguardia and La Prensa. However, since many of the newspaper reports on Alianza meetings are quite brief, a convenient summary of the organization's position on petroleum legislation may be found in memorials it sent to the Senate in September 1928 and September 1929. Senadores, Diario, 1928, 539-541; 1929, II, 706-707.

<sup>90</sup>Quoted in Larra, Mosconi, 109. Larra attributed this quote to a letter he had received from Orzábal Quintana.

<sup>91</sup>Mosconi, El petróleo argentino, 235-236. Larra claims Mosconi contributed 200 pesos a month to the Alianza's treasury. Larra, Mosconi, 110-111.



Continental rallies.<sup>92</sup>

Any attempt to explain the contradiction between Mosconi's stated views and his support of the Alianza Continental must be conjectural, but it probably can be accounted for by the nationalist orientation which Mosconi and the Alianza shared. It would appear that Mosconi valued the dissemination of the Alianza's ideological viewpoint highly enough to overlook disagreements on the details of petroleum legislation.

University students under the banner of the Comité Universitario Radical provided a second major source of organized publicity in favor of the government's oil policy.<sup>93</sup> While the University group sponsored a limited number of public assemblies in support of the personalistas' petroleum proposals,<sup>94</sup> its main contribution consisted of a

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<sup>92</sup>Mosconi, El petróleo argentino, 235. Though there is no reason to suspect Mosconi deliberately misstated the facts here, I have been unable to verify his statement. On separate occasions La Epoca (July 19, 1928, p. 1) and La Prensa (September 10, 1928, p. 8) noted that Mosconi was scheduled to participate in Alianza programs, but I have seen no reports on meetings at which he actually did take part.

<sup>93</sup>Organizations which sponsored less extensive activity along the same lines included the Liga Nacional Universitaria de la U.C.R. (La Epoca, September 16, 1928, p. 1, September 23, 1928, p. 12.) and the Ateneo Popular Mariano Moreno de la U.C.R. Ibid., October 2, 1929, p. 1, October 18, 1929, p. 2.

<sup>94</sup>La Epoca, June 11, 1929, p. 2, June 19, 1929, p. 2.

series of speeches broadcast over LR 7, Radio Buenos Aires, the radio station of La Epoca. The addresses were delivered between September and November 1929, and, with the exception of three presented by personalista Deputies, they were made by student representatives from the various University faculties. Their topics ran the gamut of the nationalist spectrum, from world oil imperialism, to Standard Oil's crimes in Salta, to the urgency for Senate action on oil legislation.<sup>95</sup>

The intense propaganda campaign undertaken by the personalista Radicals and their supporters did not provoke a commensurate response from the opponents of oil federalization and monopolization, or from the private oil investors. The private companies were probably secure in the belief that the Chamber bills could not escape either sweeping revision or slow death in the Senate. They, therefore, limited their public activity to the presentation of a memorial to the Senate in September 1928. Submitted by eleven oil firms, it was nothing more than a rehash of the anti-monopoly petition which many of the same companies had sent to the Chamber of Deputies the year before.<sup>96</sup> The

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<sup>95</sup> Most of the speeches were reprinted in La Epoca, but they are available more conveniently in a compilation published in 1930, Comite Universitario Radical, El petróleo argentino.

<sup>96</sup> "Astra", Compañía Argentina de Petróleo, et. al.,

literature of the period provides only the infrequent coherent defense of foreign private oil investment,<sup>97</sup> and while the anti-government press displayed no fondness for the personalista monopoly concept, it did not focus on the oil issue as much as the pro-Yrigoyenist papers did.<sup>98</sup>

The absence of a strong counteroffensive to the nationalists' thrust can be traced in part to the fact that the anti-government forces were more interested in removing Yrigoyen from office than they were in combatting his petroleum policy. The 1930 Congressional elections in the Federal Capital demonstrated that oil policy was neither a matter of immediate concern to Yrigoyen's opponents, nor the vote-swaying issue it had been in 1928. While personalista campaigners referred to the government's oil policy again and again in an effort to garner support,<sup>99</sup>

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Las compañías industriales de petróleo ante el honorable senado. For a discussion of the 1927 memorial, see Chapt. IV, 181-184.

<sup>97</sup>For an excellent example, see Bunge, "El problema económico del petróleo."

<sup>98</sup>La Nación, September 27, 1928, p. 6, October 6, 1928, p. 8, October 24, 1929, p. 10; La Prensa, June 27, 1929, p. 15.

<sup>99</sup>La Epoca's daily reports on the election campaign from the end of January to March 1, 1930 show that personalista speakers referred to petroleum policy more frequently than during the 1928 election. For examples, see January 25, 1930, p. 3, January 27, 1930, p. 3, February 2, 1930, p. 3, February 3, 1930, p. 4,



the Independent Socialists won the contest convincingly with a "throw-the-rascals-out" approach that even promised impeachment proceedings against Yrigoyen.

Some observers, mostly personalista sympathizers and partisans, have maintained that the oil companies were the source of more substantial opposition to the government's policy than the above discussion indicates. They allege, in fact, that those companies actively conspired in support of the coup which ended Yrigoyen's second term on September 6, 1930.<sup>100</sup>

While this thesis has long been an article of faith among Radicals and nationalists, any attempt to evaluate it reveals that no evidence has been produced to support it. It rests entirely upon the assumption that the private oil interests felt so threatened by the prospect of a state oil monopoly that they were willing to help overthrow

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February 7, 1930, p. 3, February 8, 1930, p. 4, February 12, 1930, p. 4, February 16, 1930, p. 4, February 19, 1930, p. 5, February 22, 1930, pp. 4, 5, February 25, 1930, p. 4. Personalista propaganda also featured a film strip on oil exploitation in Comodoro Rivadavia. (*La Epoca*, January 30, 1930, p. 5, February 2, 1930, p. 3, February 4, 1930, p. 4, February 13, 1930, p. 3.) *La Argentina*, displaying typical restraint, accused Standard Oil of financing anti-government candidates, and suggested that a vote for Yrigoyen (personalista candidates) was a vote for Argentina while a vote against him was a vote for Standard. *La Argentina*, February 21, 1930, p. 1, February 25, 1930, p. 1.

<sup>100</sup>Frondizi, *Petróleo y política*, 268-277; Del Mazo, *El radicalismo*, 140-144; Luna, *Yrigoyen*, 348-351, 356-357; Larra, *Mosconi*, 127; Ricardo M. Ortiz, "El aspecto

the government to prevent it. While this might follow as a logical conclusion to the version of contemporary events that emerges from the nationalist rhetoric, it does not make sense when one considers that any adequately informed observer knew there was almost no chance the Senate would approve a state oil monopoly. In apparent recognition of this fact, some proponents of the conspiracy thesis have maintained that the threat of Senate passage was real because provincial elections scheduled for early September 1930 in San Juan and Mendoza promised to return four personalista Senators and therewith a personalista majority in the Senate.<sup>101</sup> This, however, was not the case. Four additional personalista Senators would have given that party eleven seats in the Upper Chamber, still five short of a majority. Undoubtedly, the private oil interests did not mourn Yrigoyen's fall, but there is yet no evidence that they were responsible in a direct way for its occurrence

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The events of Yrigoyen's second term demonstrated that the promise which emerged from the great 1928 electoral triumph was illusory. Certainly this was true insofar as

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económico-social de la crisis de 1930," Revista de historia, No. 3 (1958), 60, 70-72.

<sup>101</sup>Del Mazo, El radicalismo, 141; Luna, Yrigoyen, 350-351; Ortiz, "El aspecto económico-social de la crisis de 1930," 60.

the prospects for the passage of oil legislation was concerned. Personalista hopes were elevated by their 1927 Chamber victories and by their tendency to view the 1928 election as a referendum on the petroleum issue. The problem was, of course, that in spite of that election, conservative forces continued to dominate the Senate, the one remaining hurdle to a personalista-dictated oil law.

In large part, the doom of the 1927 Chamber bills had been sealed by the personalista decision to settle for nothing less than a full measure of their own policy. With the road to compromise blocked, the opposition was faced with either being bullied into accepting a state oil monopoly or delaying petroleum legislation by all means possible. No one could have doubted which alternative the Senate would choose.

Thus, with the petroleum issue, as with so much else, Yrigoyen's second term brought not the ultimate "reparación" but burning frustration. An ironic footnote to the energetic personalista drive for oil legislation was added in 1932 and 1935 when Argentina's long-awaited laws were sanctioned by a Congress which contained no personalista Radicals.<sup>102</sup>

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<sup>102</sup>Law 11,668 (1932) provided a statutory basis for YPF, while Law 12,161 prescribed the general conditions for Argentine oil exploitation. The 1932 measure left YPF's existing structure almost unchanged. Minor altera-



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tions specifically empowered YPF to use credit operations and provided that 10% of the firm's profits would go to the national treasury and 5% would be distributed among YPF's employees.

In passing the general oil law, Congress rejected both federalization and monopolization in favor of separate and concurrent state and private oil development along with mixed companies. The conditions for private exploration and exploitation were more liberal than those demanded by nationalists in the early 1920's, but more restrictive than those demanded by conservatives like Matías G. Sánchez Sorondo. Frondizi, Petróleo y política, 333-342; Pigretti, Código de minería, 372-386 (Law 12,161); YPF, Recopilación, I, 585-588 (Law 11,668).

## CHAPTER VI

### THE POLITICS OF PETROLEUM IN PERSPECTIVE

When viewed in the context of Argentine development since 1916, the forgoing analysis of the petroleum issue justifies some general observations on the nature of the Radical Period and its political participants, and on the significance of that period for Argentina's subsequent development. Because our knowledge of the 1916-1930 era remains incomplete, the intent here is not to offer a definitive synthesis of the Radical Period, but to suggest some of the guidelines within which that synthesis must be constructed.

The consistent efforts of the Yrigoyenist Radicals to develop a popular rather than a practical petroleum policy constituted a clear case of political opportunism. In the haste to accuse the Radicals of electioneering though, it is easy to forget that the need for courting public approval for governmental policies was something new in Argentine politics. Governments during the "Régimen" era had displayed at best a patronizing disregard for public

opinion while relying on the politics of "acuerdos" (agreements) and electoral fraud to maintain their monopoly over national and provincial political power. The 1912 electoral reform law, however, determined that the legitimacy of future national administrations would stem more from decisions rendered at the polls and less from their ability to protect the interests of the estanciero class. When the Radicals assumed power in 1916, they were obliged not only to govern effectively, but also to maintain widespread popular support for their policies.

While they faced this novel task, the Radicals' ability to govern was impaired by the continued strength of the traditional Conservative forces and by internal deficiencies in the Radical Party itself. The economic power of the estanciero class remained undiminished after Yrigoyen's 1916 victory, and politically, the Conservatives continued to dominate the National Senate and most of the provinces. Even the excessive number of provincial interventions initiated by Yrigoyen failed to liquidate the Conservative majority in the Senate by 1930.

Internal factors which weakened the Radical Party as a governing agent included: inexperience in the practical business of running a national administration; Yrigoyen's oppressive domination of the Party and his refusal to delegate power to capable subordinates; the heterogeneous



and potentially contradictory character of the groups gathered beneath the Radical banner; and the lack of precise programs for social and economic reform. In fact, the Radical Party was not really a political party at all. It was a movement dominated by a single personality and supported by a variety of interests whose only common aim was to break the oligarchy's monopoly on political power. The characteristics cited above may have contributed to the Party's growth and appeal during its conspiratorial days, but after 1916, as we have seen in the case of petroleum, they seriously inhibited effective government action.

When viewed against this political backdrop, the decision to seek mass electoral support through a nationalistic oil policy emerges as a logical outgrowth of the Radicals' task of reconciling the need to maintain popular support with conditions which all but prohibited doing so through positive action and accomplishment.

The advantages of adopting a nationalistic oil policy were considerable. The rhetoric of the nationalists refined and simplified the complex petroleum question until it became a choice between "patriots" and "traitors" and, therefore, admirably suited for mass consumption. Furthermore, the logical corollary of the Radicals' nationalist stance was that the opposition, through ignorance or de-

sign , was advocating an anti-national or anti-Argentine policy. If the Radicals could convey this impression, they could claim a monopoly on Argentine nationalism, identify the Radical Party with the Argentine State, and, thereby, create the strongest possible source of legitimacy for their exercise of national power.

The effectiveness with which the Yrigoyenists manipulated the petroleum issue in particular and the concept of economic nationalism in general served as an object lesson in how to mobilize mass support which was not lost on future Argentine politicians. Both Perón and Frondizi benefited from the same kind of appeal. Perón, in particular, improved on the Radical model by developing techniques and instruments for institutionalizing the support that could be evoked through a nationalist program. The controlled labor unions, the government subsidized charities run by Eva Perón, the Peronist education system, and the Justicialist Party all provided avenues for solidifying the identification between Peronismo and Argentine nationalism. It was a more sophisticated apparatus than that at Yrigoyen's disposal, but Perón operated with fewer restrictions on his power and with a model from which to work.

In terms of state-directed economic development, a corollary of 20th century economic nationalism in Argen-

tina, the governments of Yrigoyen and Alvear set the precedent with YPF. The state oil industry along with the abortive 1929 government-to-government oil deal with Russia were not parts of a coherent industrialization program, but they involved a novel degree of government interference in the economic sphere which would be accentuated in the post-1930 period. The link, for instance, between Yrigoyen's oil policy and Perón's IAPI (Argentine Institute for the Promotion of Trade) and his five-year plans is unmistakable.

If the Radicals exposed the political potential of a nationalist oil policy, Yrigoyen's second term demonstrated that such a policy had its limitations as a prop for an ineffective and/or unpopular government. In the March 1930 Congressional elections, the personalistas lost in the Federal Capital despite a campaign which emphasized their oil policy. In addition, Yrigoyen's premature departure from office may have saved him from suffering the effects of a politically even more serious limitation of a nationalist, anti-imperialist oil policy - its inability to ensure a sufficient oil supply in the marketplace. Petroleum is a high risk, capital intensive industry which demands sophisticated technical skills, and Argentina simply lacked the capital and the technological resources to attain fuel autonomy without foreign investment.



Yrigoyen was not forced to acknowledge these facts, but both Perón and Frondizi found themselves compelled to retreat from their nationalist positions and seek the aid of foreign oil capital. Because the image of international oil firms as incorrigible imperialistic criminals proved easier to create than to destroy, their policy reversals cost both men heavily in terms of popular support.

One final observation concerning the Yrigoyenist Radicals is justified by their record on the petroleum issue. Yrigoyen's lack of a concrete policy in 1916, the inept manner in which his first administration handled the state oil industry, and the attempts to win votes through an exaggerated nationalist policy all suggest that petroleum development and industrialization were not as critical to the Radicals as their propaganda indicated. Instead, the record confirms the picture of Radicalism as a movement more interested in political reform than in promoting fundamental social and economic changes. As a political force, in short, Radicalism proved much more effective at mobilizing the disaffected elements in Argentine society than at drafting social and economic programs that might have satisfied the aspirations of those groups.

The absence of a strong commitment to basic change continued to characterize the Radical Party after 1930 and was evident during the 1946 presidential campaign conducted

by José Tamborini, the UCR (and Unión Democrática) candidate who ran against Perón. With the latter promising sweeping social and economic reforms, Tamborini could offer only the traditional, and by then suspect, shibboleths about democracy and civil liberties. Tamborini's efforts were futile, but they were well grounded in the Radical Party tradition.

Insofar as the Socialists were concerned, the consistency with which the small Buenos Aires based party supported a moderately nationalist oil policy buttressed its claim to being Argentina's only "non-criollo" party. Its members prided themselves on their rejection of personality cults and political opportunism, and emphasized the party's attachment to principles and explicit party platforms, its democratic and disciplined internal organization, and its scientific approach to lawmaking. The Socialists apparently failed to realize, however, that these traits were not assets in a political system where personalities were more important than issues. It would take more than ideological consistency and well drafted legislative proposals to close the gap between the middle class professionals who ran the Socialist Party and the laborers whom the party claimed to represent. The splinter faction of Independent Socialists demonstrated their understanding of this fact when they employed "criollo" techniques to score their victory in

the 1928 elections.

The refusal of the Senate Conservatives (including the antipersonalistas after 1924) to cooperate in the effort to pass oil legislation was a manifestation of their determination to hinder effective Radical rule in every way possible. Furthermore, the blind negativism which characterized their obstructionist tactics revealed the Conservative's unwillingness to accept the changes in the nation's political system introduced by the 1912 electoral reform statute. By ignoring the consensus demand for some kind of oil legislation, the Conservatives were, in effect, denying they owed any responsibility to the nation's electorate. It was simply another expression of the skepticism about the popular masses which was at the heart of oligarchic liberalism.

The persistence of this attitude meant that the Concordancia of the 1930's would be accompanied by a return to the Conservative's pre-1916 political practices, and by the continued exclusion of the lower classes from meaningful participation in the political process. The beneficiary of this situation was Perón whose social and economic policies were attuned to the psychological needs of the nation's masses. Those policies fostered a sense of dignity and a feeling of legitimate membership in the national community which was as crucial to their success as the



material benefits they brought to the lower classes.

Thus, the failure of Argentina's leaders to provide adequate petroleum legislation during the Radical Period was part of the larger failure of Argentina's political institutions, and particularly the Radical Party, to provide channels for the entrance of new groups into Argentina's political system. With the Radicals disappointing performance followed by the return to the politics of fraud and deceit under the Concordancia, many Argentines, including important sectors of the military, began to openly doubt the virtues of liberal democratic institutions. They came to view politics as a senseless game in which national decency, honor, and development were being gambled away for personal aggrandizement and the perquisites of office. Respect for the democratic process reached a nadir unmatched since the time of Rosas, and the road was open for another experiment with the authoritarian alternative.

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## PRIMARY SOURCES

## Unpublished Materials

Complaints about the inaccessibility of government documents and private papers are standard fare in studies which deal with twentieth-century Argentine history, and rightfully so. Except in extraordinary cases, researchers find official files tightly sealed, and they discover that the papers of significant figures are in the hands of heirs or friends whose sense of responsibility to the public reputation of the individual involved is too often impermeable to pleas about setting the historical record straight.

For the present study, a case in point are the YPF archives which are located along with the YPF laboratories in the town of Florencio Varela, south of the Federal Capital. To my knowledge, they have not been opened to any scholar, and I was informed by YPF's Director of Publications that the archives were for the exclusive use of government personnel.

Unconfirmed reports suggest that a good deal of material was lost in the transfer of the archives from the YPF building in Buenos Aires to the present site in Florencio Varela during the Perón era. Whether this is true or not, the location of the single unpublished YPF document used in the present study suggests that, at best, the Florencio



Varela collection is incomplete. By accident, I found the Administrative Commission's "Acta No. 831" (October 9, 1928) among the holdings of the Centro de Estudios Nacionales in Buenos Aires. It presents a helpful 51-page summary of YPF's activities from 1922 to 1928.

The most valuable body of unpublished material used in preparing this study is the U.S. State Department Decimal File 835, the pertinent section of which is available on National Archives microfilm under the title "Records Relating to the Internal Affairs of Argentina, 1910-1929" (Microcopy 514, 44 rolls). Particularly valuable are the rolls (835.6363 series) which deal specifically with petroleum matters. They provide the single richest source on the private sector of Argentina's oil industry during the Radical Period, and especially on the attitudes and activities of American firms. Other rolls contain information on general economic and political developments in Argentina which, although helpful, is not always accurate and must be handled with care.

#### Printed Documents

##### Laws, Decrees, and Resolutions

Pigretti, Eduardo A., comentador. Código de minería y legislación de hidrocarburos. Buenos Aires: Cooperadora de Derecho y Ciencias Sociales, 1964.

Remorino, Jerónimo, ed. Anales de legislación argentina, complemento años, 1889-1919. Buenos Aires: Editorial La Ley, 1954.

República Argentina, Ministerio de Agricultura, Yacimientos Petrolíferos Fiscales. Recopilación de leyes, decretos, y resoluciones sobre materia petrolera, Vol. I (1907-1933). Buenos Aires: L.J. Rosso, 1938.

Convenient and comprehensive compilation of oil laws, decrees, and resolutions which includes many provincial as well as national government measures.

#### Legislative Debates

República Argentina, Congreso Nacional, Cámara de Diputados. Diario de sesiones, años 1907-1930. Buenos Aires: Imprenta del Congreso de la Nación, 1907-1930.

Indispensable, not only for debates and copies of legislative proposals, but for supplementary documents often published in Diario.

República Argentina, Congreso Nacional, Cámara de Senadores. Diario de sesiones, años 1907-1930. Buenos Aires: L.J. Rosso, 1907-1930.

Of limited use until 1928 when Senate first began discussing petroleum legislation.

#### Reports and Publications of Executive and Legislative Bodies

República Argentina, Congreso Nacional, Cámara de Diputados. Yacimientos petrolíferos fiscales; Antecedentes sobre su explotación, iniciativas parlamentarias, 3 Vols. Buenos Aires: Cámara de Diputados, 1924.

Contains pre-1924 legislative proposals on petroleum, but more important for the reports on the pre-1923 history and condition of state petroleum exploitation by Mosconi and others which appear in Vol. I.

\_\_\_\_\_, Comisión de Industrias y Comercio. Anexo a la orden del día N° 66; Antecedentes de la comisión de industrias y comercio en el proyecto de ley orgánica del petróleo. Buenos Aires: Cámara de Diputados, 1926.

Provides testimony of Mosconi and opinions of

private oil firms on the Committee's 1925 bill, along with a copy of the bill itself.

\_\_\_\_\_. Sesiones ordinarias, 1926; Orden del día num. 66. Buenos Aires: Cámara de Diputados, 1926.

Important because there is no copy of this bill in Chamber's Diario.

República Argentina, Congreso Nacional, Cámara de Diputados, División Información Parlamentaria. Petróleo; Antecedentes legislativos. Buenos Aires: Congreso de la Nación, 1958.

Helpful index to all occasions on which the Chamber and the Senate discussed petroleum matters between 1907 and July 1958.

República Argentina, Dirección de Comercio e Industria, Dirección General de Estadística. Anuario de la dirección general de estadística, correspondiente al año 1907. Vol. I. Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1908.

Statistics on trade.

\_\_\_\_\_. Anuario...1908. Vol. I. Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1909.

\_\_\_\_\_. Anuario...1909. Vol. I. Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1911.

\_\_\_\_\_. Anuario...1914. Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1915.

\_\_\_\_\_. Anuario...1916. Buenos Aires: L.J. Rosso, 1918.

República Argentina, Ministerio de Agricultura. Anales del ministerio de agricultura, sección de geología, mineralogía y minería, Vol. VII, No 2, Memoria de la división de minas, geología e hidrología correspondiente al año 1910. Buenos Aires: Oficina Meteorológica Argentina, 1912.

Contains best official account of the 1907 oil discovery in Comodoro Rivadavia, a copy of Law 7,059, and some comments on its application, and a copy of the memorandum which led to the Decem-



ber 24, 1910 creation of the Administrative Commission to direct state developments in Comodoro Rivadavia.

\_\_\_\_\_. Memoria presentada al congreso de la nación, 1917. Buenos Aires: Ministerio de Agricultura, 1920.

Some comments from E. Hermitte on 1917 oil strike and on need for oil legislation.

\_\_\_\_\_. Memoria...1918. Buenos Aires: Ministerio de Agricultura, 1920.

\_\_\_\_\_. Memoria...1919. Buenos Aires: Ministerio de Agricultura, 1920.

\_\_\_\_\_, Dirección General de Explotación del Petróleo de Comodoro Rivadavia. Informe de la dirección a S.E. el señor ministro de agricultura de la nación, febrero de 1916. Buenos Aires: Imprenta de Gmo. Kraft, 1916.

Summarizes condition of state oil industry just before Yrigoyen became President. Comments on Administrative Commission's work from 1911 to 1916, on need for money, and on positive role private companies could play in nation's oil industry.

\_\_\_\_\_. Memoria de la dirección general de explotación de petróleo de Comodoro Rivadavia correspondiente a los años 1912/1913. Buenos Aires: Compañía Sudamericana de Billetes de Banco, 1914.

Body's first Memoria. Account of progress since 1911. Encourages private exploitation, but critical of alleged efforts of private capital to monopolize oil lands.

\_\_\_\_\_. Nota fundando su pedido de 2.000.000 \$m/n para proseguir los trabajos. Buenos Aires: Oficina Meteorológica Argentina, 1911.

\_\_\_\_\_. Petróleo de Comodoro Rivadavia; Dirección general de la explotación del petróleo de Comodoro Rivadavia; Acta del 28 de junio de 1913. Buenos Aires: Imprenta "De Su Confianza", 1913.

\_\_\_\_\_. Petróleo de Comodoro Rivadavia; Memorandum de la dirección general relativo a la explotación futura de los yacimientos de petróleo de Comodoro Rivadavia con programa de trabajos y presupuesto de gastos, del acta del 8 de abril de 1913. Buenos Aires: Imprenta "De Su Confianza", 1913.

Plea for funding of program to raise oil production and eliminate need for imported coal. Criticism of private investors for attempting to monopolize oil districts.

República Argentina, Ministerio de Agricultura, Dirección General de Minas, Geología e Hidrología. Boletín N° 12, Serie A (Minas), Instrucciones para la presentación y tramitación de solicitudes mineras. Buenos Aires: Ministro de Agricultura, 1919.

Helpful guide for understanding processes indicated in title.

\_\_\_\_\_. Memoria de la dirección general de minas, geología e hidrología correspondiente al año 1911. Buenos Aires: Oficina Meteorológica Argentina, 1913.

Contains legislative recommendations from the Mining Bureau, along with comments on activity of private companies and on state drilling in Salta.

\_\_\_\_\_. Memoria...1912. Buenos Aires: Ministerio de Agricultura, 1914.

Contains comments on petroleum legislation and copy of important October 18, 1912 Ministerial Resolution on granting of petroleum rights.

\_\_\_\_\_. Memoria...1923. Buenos Aires: Ministerio de Agricultura, 1925.

Statistics on granting of petroleum exploration rights, 1910-1923.

\_\_\_\_\_. Producción de petróleo en la república argentina durante el año 1926, y otros datos mineros. Buenos Aires: Dirección General de Minas Geología e Hidrología, 1927.



Production figures (1924-1926) for both private and state companies, plus statistics indicating effect of Alvear's January 1924 decrees in cutting down on speculation in oil rights.

República Argentina, Ministerio de Agricultura, Dirección General de Yacimientos Petrolíferos Fiscales. Desarrollo de la industria petrolífera fiscal, 1907-1932. Buenos Aires: Jacobo Peuser, 1932.

One of most valuable sources on development of the state industry to 1932, providing year by year narrative of progress in all areas where state was active, along with statistical summaries of all facets of state activity. Sanitized and self-congratulatory, but a convenient resumé.

\_\_\_\_\_. Memoria de la explotación del petróleo de Comodoro Rivadavia correspondiente al año 1921. Buenos Aires: Ferrari Hnos., 1923.

As a group, YPF's Memorias provide basically technical, statistical information on the firm's growth. There is little on the political side of the petroleum question.

\_\_\_\_\_. Memoria de la dirección general de yacimientos petrolíferos fiscales correspondiente al año 1922. Buenos Aires: Ferrari Hnos., 1924.

\_\_\_\_\_. Memoria...1923. Buenos Aires: Ferrari Hnos., 1924.

\_\_\_\_\_. Memoria...1924. Buenos Aires: Ferrari Hnos., 1925.

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\_\_\_\_\_. Memoria...1927. Buenos Aires: Ferrari Hnos., 1928.

\_\_\_\_\_. Memoria...1928. Buenos Aires: Ferrari Hnos., 1929.

Contains extensive summary of YPF's 1922-1928 activities.



\_\_\_\_\_. Memoria...1929. Buenos Aires: Ministerio de Agricultura, 1930.

\_\_\_\_\_. Memoria...1930. Buenos Aires: N.p., 1932.

\_\_\_\_\_. YPF, 1907-1937. Buenos Aires: Yacimientos Petrolíferos Fiscales, 1937.

Pamphlet published to commemorate opening of new YPF building in Buenos Aires. Outstanding collection of photographs of YPF installations in Comodoro Rivadavia and elsewhere. Provides useful information on price of gasoline in Federal Capital, 1920-1935.

República Argentina, Ministerio de Agricultura, Explotación Nacional del Petróleo de Comodoro Rivadavia. Memoria de la explotación nacional del petróleo de Comodoro Rivadavia correspondiente al año 1918. Buenos Aires: Ministerio de Agricultura, 1919.

\_\_\_\_\_. Memoria...1919. Buenos Aires: Ministerio de Agricultura, 1920.

\_\_\_\_\_. Memoria...1920. Buenos Aires: Ministerio de Agricultura, 1921.

Helpful information on problems with labor and with purchasing machinery which state industry faced during war years.

República Argentina, Ministerio de Comercio e Industria, Dirección Nacional de Minería. Las fuentes del petróleo argentino, 1907 - 13 diciembre - 1957 - cincuentenario del descubrimiento de Comodoro Rivadavia. Buenos Aires: Dirección Nacional de Minería, 1957.

Most of the pamphlet deals with pre-1920 period and particularly with work of National Bureau of Mines in early development of petroleum resources. Filled with excellent pictures and illustrations.

República Argentina, Ministerio del Interior, Subsecretaría de Informaciones. Las fuerzas armadas restituyen el imperio de la soberanía popular. Tomo I. Buenos Aires: Imprenta de la Cámara de Diputados, 1946.

Part II presents national election results for 1912-1930. Names of candidates and parties provided, making this source invaluable for identifying political affiliation of members of the Chamber of Deputies.

República Argentina, Presidencia. Presidencia Alvear, 1922-1928. Compilación de mensajes, leyes, decretos y reglamentaciones. 9 Vols. Buenos Aires: Pesce, 1928.

Collection of limited value for this study, containing only a few documents related to YPF in Vol. III.

### Contemporary Publications on Petroleum Matters

"La Alianza Continental," Revista Jurídica y de Ciencias Sociales, año XLIV (May 1927), 84-91.

This article and the one which follows outline the purpose and ideological orientation of the Alianza Continental.

"Alianza Continental: A los pueblos de sur y centro américa, méxico y las antillas," Revista Jurídica y de Ciencias Sociales, año XLIV (Nov. 1926 - May 1927), 43-50.

Argüero, Carlos. Petróleos argentinos. Buenos Aires: N.p., 1916.

Superficial survey of Argentine oil industry in 1916. Focuses on how to increase productivity and argues for mixed companies.

"Astra", Compañía Argentina de Petróleo, et. al. Las compañías industriales de petróleo ante el honorable senado de la nación. Buenos Aires: Casa Editoria "Coni", 1928.

Private companies argue against concept of state oil monopoly, emphasizing need for private exploitation to increase domestic oil production.

Baldrich, Alonso. El petróleo; Su importancia comercial, industrial y militar; Legislación petrolera. Buenos Aires: Imprenta "El Misionero", N.d.

Reprint of speech delivered at Centro Naval in



February 1927. Fine example of the pre-1927 oil debate nationalist argument.

Beninson, Manuel. "Utilización del combustible nacional y su importancia. Conferencia dada en el centro naval el 12 de octubre de 1913," Boletín del Centro Naval, XXXI (Nov.-Dec. 1913), 489-501.

Encouragement for the use of domestic petroleum to replace expensive imported fuels.

Bonardi, Silvio. En defensa de la riqueza nacional, del petróleo, ante la suprema corte de la nación. Buenos Aires: Rinaldi Hnos., 1928.

Bonardi's brief in the 1928 Supreme Court case of Standard Oil of New Jersey vs. the Province of Salta, and a forceful statement of the nationalist position.

\_\_\_\_\_. "La nacionalización de las minas," Revista Jurídica y de Ciencias Sociales, año XXXVII (May-Aug. 1920), 95-99.

Brief statement of the case for federalization at a relatively early date.

Bunge, Alejandro E. "El problema económico del petróleo," Revista de Economía Argentina, XXIV (June 1930), 401-436).

One of the most coherent and cogent statements of the argument for continued private exploitation and against a state oil monopoly. Bunge favored a "constitutional" federalization of oil resources which is not spelled out clearly.

\_\_\_\_\_. "La legislación del petróleo, bases jurídicas y económicas," Revista de Economía Argentina, XXI (Oct. 1928), 289.

Catalano, Miguel H. Código de minería. Fomento minero y petróleo. Buenos Aires: N. Spinelli, 1929.

Pamphlet by the Secretary of the National Bureau of Mines which urges general reform of the Mining Code. Generally anti-imperialist in tone, it calls for closer government control of all mining activity and a state oil monopoly.



Colombo, Luis. El petróleo argentino y la necesidad de su legislación. Buenos Aires: Caracciolo y Plantie, 1927.

Reprint of speech by President of Unión Industrial Argentina. Colombo supported federalization and mixed companies.

Confederación Argentina del Comercio de la Industria y de la Producción, Bolsa de Comercio. Anteproyecto de ley de minas de petróleo. Buenos Aires: Imprenta Muro, 1927.

Drafters included A.E. Bunge, E. Hermitte and Carlos Velarde. Proposal for organic oil law which rejects federalization and monopolization while allowing mixed companies.

Fliess, Felipe. "El petróleo y Comodoro Rivadavia," Boletín del Centro Naval, XXXX (Nov.-Dec. 1922) 421-446.

Contains Fliess's evaluation of his work as Chief Administrator in Comodoro Rivadavia along with a five-year development plan which he submitted in 1919.

Gonella, Eduardo M., "La economía del petróleo nacional y su legislación," Revista de Ciencias Económicas, año XV (Sept. 1927), 1009-1032.

Presents a moderately nationalist analysis of oil situation in Argentina and the world. Supports federalization, but rejects state oil monopoly in favor of closely controlled private exploitation.

\_\_\_\_\_. La explotación oficial del petróleo; Su evolución económica y financiera. Buenos Aires: Imprenta de la Universidad de Buenos Aires, 1927.

Concentrates on the economic and financial evolution of YPF with brief comments on the need for oil legislation. Recommends continued private exploitation under tight controls along with mixed companies.

Guaresti, Juan J., (hijo). "El petróleo; Su importancia y legislación," Revista de Ciencias Económicas, año XVI (Dec. 1928), 2581-2606, año XVII (Jan. 1929), 21-50.

Two-part article by a University student which argues for federalization and creation of monopoly mixed company. State would also continue operations on its own to supply Armed Forces. The content, organization and analysis of Guaresti's work make this article a near perfect prototype of the nationalist approach to the oil question.

\_\_\_\_\_. Petróleo, importancia económica y militar. La lucha por su posesión, conferencia. Buenos Aires: Imprenta de la Universidad de Buenos Aires, 1927.

Hermitte, Enrique M. Cuestiones relacionadas con el aprovechamiento de los yacimientos de petróleo de la república argentina y en particular del de Comodoro Rivadavia. Buenos Aires: Congreso Nacional de Ingeniería, 1916.

Optimistic survey of past development and future possibilities of Argentine oil industry despite public apathy and even hostility. Emphasizes need for oil law and outlines his recommendations for continued state exploitation along with regulations on private exploitation which would attract foreign capital.

\_\_\_\_\_. El estado de la cuestión petróleo procedido por "El estudio de las cuestiones relacionadas con el aprovechamiento de los yacimientos de petróleo de la república argentina y en particular del de Comodoro Rivadavia." Buenos Aires: N.p., 1921.

Reprint of Hermitte's 1916 work along with some new observations. Maintains no significant advances in national oil industry made since 1916 and recommends autonomous agency to direct state exploitation. Legislative recommendations same as in 1916.

Hileman, Guillermo. Sobre legislación del petróleo en la república argentina, conferencia, julio 7 de 1927. Buenos Aires: Imprenta La Aurora, 1927.

Argument against concept of state oil exploitation and for leaving the industry to private capital.

"El Intransigente". El petróleo del norte argentino:



Comentarios del diario "El Intransigente" de la ciudad de Salta. Prologue by E. Mosconi. Salta: Imprenta C. Velarde, 1928.

Collection of newspaper articles on the oil situation in Salta preceded by Mosconi's analysis of that situation and his recommendations for oil legislation. A valuable source for Mosconi's ideas.

Lagos, M. J. La política del petróleo; Contribución al estudio. Buenos Aires: L.J. Rosso, 1922.

Analyzes the world oil scene, petroleum legislation in the Americas, and Argentina's need for an oil law. Support for federalization combined with advantageous conditions for private exploitation to increase production.

Méndez, José M. El petróleo en la república argentina. Buenos Aires: N.p., 1916.

Highly critical of 1907-1915 state exploitation. Emphasizes need for exploration and argues for federalization, mixed companies, and liberal conditions for private investors.

Moreno, Evaristo V. "Explotación de nuestros yacimientos petrolíferos," La Ingeniería, año XXI (Feb. 1, 1927), 98-118.

Survey of nation's oil industry combined with recommendations for continued state exploitation in Comodoro Rivadavia and reform of the Mining Code to promote private exploitation.

Mosconi, Enrique. El petróleo argentino 1922-1930 y la ruptura de los trusts petrolíferos inglés y norteamericano el 1º de agosto de 1929. Buenos Aires: Ferrari Hnos., 1936.

Mosconi's own account of the development of YPF under his direction. Covering the political as well as the economic and technical developments, it is laudatory but, nonetheless, indispensable.

\_\_\_\_\_. La batalla del petróleo; YPF y las empresas extranjeras. Buenos Aires: Ediciones Problemas Nacionales, 1957.



A collection of Mosconi's writings and speeches which highlight his contribution to national oil development and his nationalist stance. A useful source because its reproductions are, for the most part, accurate.

Naón, Rómulo S. Inviolabilidad de la propiedad minera. Buenos Aires: Editorial Muro, 1928.

Naón's brief prepared for Standard Oil of New Jersey in the Supreme Court case of Standard vs. the Province of Salta.

Newberry, Jorge and Justino C. Thierry. El petróleo. Buenos Aires: Vaccaro, 1910.

Superficial study of the petroleum industry and the state's Comodoro Rivadavia exploitation, but interesting for a report on an early experiment using Comodoro Rivadavia crude oil in a locomotive.

Oneto, Ricardo. El centinela. Una campaña de veinticinco años en defensa del petróleo argentino y de yacimientos petrolíferos fiscales, 1915-1941. Buenos Aires: Ferrari Hnos., 1941.

Collection of primarily newspaper articles written by Oneto on petroleum question. He established early and maintained a moderate nationalist position.

\_\_\_\_\_. El petróleo argentino y la soberanía nacional. Prologue by E. Mosconi. Buenos Aires: Ferrari Hnos., 1929.

Copies of many of the same articles by Oneto which appear in El centinela. Prologue by Mosconi is especially valuable since it contains the most lucid statement of his post-1927 position on petroleum policy.

\_\_\_\_\_. Petróleo de Comodoro Rivadavia. Explotación industrial de la zona reservada al estado. Buenos Aires: Imprenta y Litografía "La Buenos Aires", 1918.

Another collection of Oneto's writings, again primarily newspaper articles. This group emphasizes his support of Deputy Tomás de Veyga's 1914 legislative proposal.

Orzábal Quintana, Arturo. "Nuestro nacionalismo continental," Revista Jurídica y de Ciencias Sociales, año XLIV (Nov. 1926-May 1927), 51-58.

Discussion of purpose and ideological orientation of the Alianza Continental by its Argentine President.

Provincia de Jujuy. El petróleo y la constitución nacional. Jujuy: Talleres Gráficos del Estado, 1926.

Presentation of the anti-federalization argument which features comments by Governor B. Villafañe accompanied by supportive selections from several of the nation's leading conservative lawyers.

Ramos, Eduardo A. El petróleo en la república argentina; Su legislación. Buenos Aires: Valerio Abeledo - Librería Jurídica, 1927.

Extensive study of petroleum question in world setting followed by specific recommendations on Argentine situation. Argues for federalization combined with exclusion of foreign capital.

Sánchez Sorondo, Matías G. La palabra de un patriota sobre el problema de la legislación del petróleo con un estudio-prólogo sobre los derechos de las provincias por Benjamin Villafañe. Buenos Aires: Imprenta V. Domínguez, 1927.

Statement of Sánchez Sorondo's support for private oil exploitation in the context of a savage attack on oil bill passed by 1927 Chamber of Deputies.

\_\_\_\_\_. Política del petróleo; La legislación. Buenos Aires: Agencia General de Librería, 1923.

Reprint of a speech delivered by Sánchez Sorondo. Presents the most comprehensive statement of his "open doors" policy toward foreign capital.

Velarde, Carlos. "Fomento de la explotación del yacimiento de Comodoro Rivadavia," La Ingeniería, año XVIII (July 16, 1914), 223-228.

Comments on geological formations and crude oil production in Comodoro Rivadavia. Partisan of



private investment to expand production.

\_\_\_\_\_. Las minas de petróleo en la legislación argentina. Buenos Aires: Casa Editora "Coni", 1922.

Velarde had held positions as a mining authority with governments of Peru and Argentina. Most valuable section of this work for the present study is an extensive and lucid discussion of the procedures for obtaining petroleum exploration and exploitation rights.

Zucal, Manuel. "La explotación fiscal de Comodoro Rivadavia," La Ingeniería, año XXVII (Jan. 1923), 16-21.

Discussion of some of the administrative and labor problems which hindered state industry's development during Yrigoyen's first term. Written by man who had worked in Comodoro Rivadavia.

\_\_\_\_\_. "Legislación petrolífera," La Ingeniería, año XXV (Oct. 1. 1921), 308-317.

Emphasizes need for an oil law and rejects both mixed companies and a state monopoly in favor of continued state and private exploitation, each on their own.

## Memoirs

Coca, Joaquín. El contubernio; Memorias de un diputado obrero. Buenos Aires: Claridad, 1930.

Coca, an Orthodox Socialist, served in Chamber, 1924-1928. His memoirs are informative on the inner workings of the Socialist Party and on the general line up of pro and anti-Yrigoyen forces in the Chamber.

Columba, Ramón. El congreso que yo he visto. 2 Vols. Buenos Aires: N.p., 1948-1949.

Vol. I deals with years 1914-1933. There is nothing specifically on petroleum matters, but Columba's remarks aid in understanding the figures who served in Congress. The numerous cartoons are delightful.



Goldstraj, Manuel. Años y errores. Buenos Aires: Sophos, 1957.

The first one hundred plus pages present a fairly balanced picture of Argentina's 1916-1930 politics by a man who was Alvear's chief political secretary from 1931 to 1941. Deals with strengths and weaknesses of both Alvear and Yrigoyen.

Ibarguren, Carlos. La historia que he vivido. Buenos Aires: Peuser, 1955.

Memoir of a significant public figure and historian which sometimes treats the Radical Period in great detail from viewpoint of a conservative nationalist.

Pinedo, Federico. En tiempos de la república. Vol. I. Buenos Aires: Editorial Mundo Forense, 1946.

This memoir serves as an introduction to a collection of Pinedo's writings from the years 1912-1943. Strongly anti-Yrigoyen, Pinedo's comments are more valuable for the study of the Socialist Party than for this study of petroleum policy.

Repetto, Nicolás. Mi paso por la política, de Roca a Yrigoyen. Buenos Aires: Santiago Rueda Editor, 1956.

Observations of a man who was not only one of most capable men in Argentine public life, but who was also interested in the question of oil legislation. Repetto's comments consistently show an anti-Yrigoyen bias.

#### Collections of Speeches and Messages

Comité Universitario Radical, Junta Central. El petróleo argentino; Ciclo de conferencias en pro de su nacionalización y explotación por el estado. Buenos Aires: Talleres "Capano", 1930.

Reprints of a series of more than twenty addresses delivered, in most cases, by University students and favoring the Yrigoyenist petroleum policy. They were originally broadcast over the radio during late 1928 and early 1929.

Mosconi, Enrique. Dichos y hechos, 1904-1938. Buenos Aires: Librería "El Ateneo", 1938.

Collection of Mosconi's speeches, some of which deal with petroleum and many of which do not. This collection must be used carefully because the selections are not all accurately identified in terms of dates and places.

Yrigoyen, Hipólito. Pueblo y gobierno. 2nd. ed. 12 Vols. Buenos Aires: Editorial Raigal, 1956.

These volumes, despite the obvious pro-Yrigoyen orientation, are an invaluable source of both primary and secondary material on Yrigoyen and the Radical Period. The volumes of immediate importance for the present study include: Vol. IV which includes Roberto Etchepareborda's Yrigoyen y el congreso, a valuable aid for determining the strength of political parties in Congress from 1916 to 1930; Vol. XI which is Arturo Frondizi's Petróleo y política (see description below); and Vol. XII which includes a collection of comments by Yrigoyen on petroleum gathered from his speeches.

#### Radical Party Campaign Literature

Amado, Isías R. "Contribución para la redacción de un programa de partido," Revista Argentina de Ciencias Políticas, XII (May 1916), 91-110.

Account of Amado's attempt along with others to get Radical Party to adopt an explicit platform for the 1916 election.

Bianco, José. La doctrina radical. Buenos Aires: L. J. Rosso, 1927.

This selection along with those which follow are of little direct value for the study of the oil issue. Rather they present evidence of the Yrigoyenist Radicals tendency to avoid concrete issue statements at election time and glorify Yrigoyen.

Etkin, Alberto M. Bosquejo de una historia y doctrina de la unión cívica radical. Buenos Aires: El Ateneo, 1928.

Flotta, M.S. El hombre de mañana. Buenos Aires: Pagano Hnos., N.d.

Giordano, Gabriel. El hombre cumbre y su obra de go-



bierno. Buenos Aires: Editores M. Rocca y cía., 1928.

Mendoza Dumas, Ricardo. Docencia democrática del Dr. Hipólito Yrigoyen. Buenos Aires: Imprenta López, 1928.

This selection does deal with petroleum in the final chapter where the author praises the concepts of federalization and monopolization.

Oyhanarte, Horacio B. El hombre; Hipólito Yrigoyen, apostle de la democracia. 20th ed. Buenos Aires: Claridad, 1945.

Originally published as a campaign biography in 1916.

## SECONDARY SOURCES

### General Studies

Academia Nacional de Historia. Historia argentina contemporánea, 1862-1930. 3 Vols. Buenos Aires: El Ateneo, 1963-1966.

These three volumes follow the pattern of the Academy's major multivolume work in that the various contributions are uneven in their quality. Section in Vol. III on mining and petroleum by José A. Craviotto is one of the best in this study on economic history. His account is detailed and complete though almost strictly narrative.

Alexander, Robert. The Perón Era. New York: Columbia Univ. Press, 1951.

Still a valuable account of the early Perón years.

\_\_\_\_\_. An Introduction to Argentina. New York: Praeger, 1969.

A useful introduction to contemporary Argentine history which emphasizes the political causes for economic stagnation and the military's intervention in politics.

Blanksten, George I. Perón's Argentina. Chicago: Univ.



of Chicago Press, 1953.

An admirably objective account of Perón's rise to power written by a political scientist.

Ferns, Henry S. Argentina. New York: Praeger, 1969.

An adequate synthesis which is weak on the colonial period and concentrates on the twentieth century. Highly critical of Argentina's "mindless" performance in the 1920's and of the Radicals whom he views as political "outs" who wanted in.

Palacio, Ernesto. Historia de la argentina. 3rd ed. 2 Vols. Buenos Aires: A. Pena Lillo, 1960.

A Rosista synthesis which simply reinterprets old rather than supplies new evidence. Weak on the Radical Period to which he devotes less than 35 pages in Vol. II.

Pendle, George. Argentina. 3rd ed. New York: Oxford Univ. Press, 1963.

A sound, conventional, political-economic survey accompanied by a series of useful statistical appendices.

Ramos, Jorge Abelardo. Revolución y contrarevolución en la argentina. 3rd ed. 2 Vols. Buenos Aires: Plus Ultra, 1965.

Challenging Marxist interpretation, perhaps the best of its genre. Ramos accords the Radical Period major and sympathetic treatment in his second volume.

Rennie, Ysabel. The Argentine Republic. New York: Macmillan, 1945.

While not recent, Rennie's account of 19th century development and the rise of Perón remains a provocative and highly readable study.

Romero, José Luís. A History of Argentine Political Thought. Intro. and trans. by Thomas F. McGann. Stanford: Stanford Univ. Press, 1963.

A basic and important interpretive essay which

covers the major political and economic themes in Argentine development.

Scobie, James R. Argentina; A City and a Nation. 2nd ed. New York: Oxford Univ. Press, 1971.

The best one-volume synthesis in existence. Scobie concentrates on social and economic themes with a subordinated political narrative. The text is heavily weighted toward the nineteenth century and is followed by a detailed political chronology, a superb bibliographic essay, and some helpful statistical material.

Whitaker, Arthur P. Argentina. Englewood Cliffs, N. J.: Prentice-Hall, 1964.

Essentially a narrative political survey in which economic developments are not forgotten. Major emphasis placed on the twentieth century and on themes of nationalism and Perón. Whitaker's selected and annotated bibliography is useful.

#### Publications Relating to Petroleum

Abeijon, Asencio. "Las primeras huelgas petroleras," in Medio siglo de petróleo argentino. Comodoro Rivadavia: Editorial "El Rivadavia", 1957, 41-43.

Discussion of the causes and development of the 1917 petroleum strike in the Comodoro Rivadavia fields by a long-time resident of the area.

Bunge, Augusto. La guerra del petróleo en la argentina. Buenos Aires: "La Gráfica", 1933.

Polemic which arose out of contracts signed between Standard Oil of New Jersey and the Province of Salta in early 1933. Bunge's attack on Standard and certain provincial authorities carries him back into Salta oil disputes of the 1920's.

"50 años de petróleo argentino," Revista del Club YPF, No. XXII (Oct.-Dec. 1957, Edición extraordinaria, Bodas de Oro), 23-59.

Uneven and superficial survey of oil developments from 1907 to 1930, but useful for a detailed description of the 1907 discovery in Comodoro Rivadavia and for a list of all members of all the



administrative bodies which directed state oil exploitation from 1907 to 1957.

Díaz Araujo, Enrique. "La explotación del petróleo en Mendoza en el siglo XIX," Revista de la Junta de Estudios Históricos de Mendoza, 2nd época, No. 5 (1968), 121-154.

Examines early history of oil development in Andean area of Argentina, focusing on the Compañía Mendocina de Petróleo which was created with Argentine capital in 1886.

Díaz Goitia, José J. La riqueza petrolífera argentina en peligro. Buenos Aires: Editorial Tor, 1936.

A detailed examination of Argentine petroleum development from 1907 to 1934 which consists mostly of long quotes and statistics drawn from government publications. Glorifies YPF's accomplishments under Mosconi and warns that in 1931-1934 period the state industry was retrogressing while private exploitation was spurting ahead.

Frondizi, Arturo. Petróleo y política. Vol. XI of Pueblo y gobierno, Hipólito Yrigoyen. 2nd ed. 12 Vols. Buenos Aires: Editorial Raigal, 1956.

Frondizi presents the classic nationalist interpretation of Argentina's petroleum history, emphasizing the need for state exploitation and warning against the dangers of foreign oil capital. Even with this bias, Frondizi's account is the best available secondary account of Argentine oil development. It is comprehensive, readable, and supplemented by a wealth of statistics.

\_\_\_\_\_. Petróleo y nación. Buenos Aires: Transición, 1963.

Frondizi's attempt to justify the fact that his oil policy as President did not concur with his position as outlined in Petróleo y política.

González, Carlos Emérito. Energía y soberanía; Introducción al estudio económico-jurídico de las fuentes naturales de energía. Buenos Aires: Gure, 1958.

Work deals principally with petroleum in the 1950's and the author strongly supports Frondizi's



pre-presidential policy. Interesting for this study because the author's comments on issues like federalization and foreign investment are carbon copies of the nationalist position in the 1920's.

González, Julio V. Nacionalización del petróleo. Buenos Aires: "El Ateneo", 1947.

González was a Socialist Deputy in the 1930's, and his work deals with contracts signed between YPF and private firms in 1936-1937. He presents a nationalist interpretation in a brief historical survey of the Argentine petroleum industry.

Importación de combustibles y lubricantes. Nafta y caminos. Reimpresión del No. 160, Boletín de Informaciones Petroleras. Buenos Aires: R. Canals, 1938.

The best compilation of statistics on fuel importation for the years 1918-1936.

Kaplan, Marcos. Economía y política del petróleo argentino (1939-1956). Buenos Aires: Praxis, 1957.

Primarily concerned with Perón's "failure" with oil development, Kaplan provides brief background survey on the period from 1907 to 1939. Polemical and superficial, his comments illuminate the position of the self-styled revolutionary left in the late 1950's.

Krause, Emma y Amalia. La casualidad y el petróleo de Comodoro Rivadavia; Contribución al estudio del descubrimiento del petróleo fiscal, según constancias oficiales. Buenos Aires: N.p., 1943.

Pamphlet written by two children of the man who was in charge of the division of the National Bureau of Mines which was responsible for the drilling that struck oil in 1907. Presents unconvincing argument that discovery was result of scientific exploration and not accident, but does include copies of telegrams exchanged between Comodoro Rivadavia and Buenos Aires immediately after the discovery.

\_\_\_\_\_. Un fundador para YPF. Buenos Aires: Guillermo Kraft, 1958.

Reiteration of thesis described above, along with discussion of their father's (Julio Krause) contributions to national oil development.

López Zavaleta, P. Javier. El petróleo argentino; Consideraciones referentes a una adecuada legislación. Buenos Aires: L.J. Rosso, 1931.

Argues that federalization as passed by the 1927 Chamber was unconstitutional and suggests it should be accomplished by provinces voluntarily handing over their oil deposits to national government, and presents case for mixed companies over a state monopoly.

Morixe, Horacio. Régimen legal del petróleo. Buenos Aires: Editorial "La Facultad", 1934.

A compilation of lectures by an expert in mining law, this work presents a fairly balanced and judicious review of the world and Argentine oil scene in the mid-1930's. Touching on all phases of the petroleum industry, the author analyzes the past legislative proposals on oil as well as those before Congress in 1933.

Mozo, Sadi H. El petróleo argentino en el siglo XIX. Bahía Blanca: Martínez, Rodríguez y cía., 1950.

A worthwhile account of petroleum developments in nineteenth century that concentrates on Salta and Jujuy.

Mozo, Sadi H. and Jaime Bermejo. Argentina petrolera, 1943; Legislación, técnica, estadística. Buenos Aires: "Cultura", 1943.

With Bermejo writing the technical sections and Mozo those relating to legal aspects of oil, the two present a useful handbook on the Argentine petroleum industry. The uninitiated will find the technical material explained and illustrated in an easily understood manner.

Rumbo, Eduardo I. Petróleo y vasallaje; Carne de vaca y carnero contra carbón más petróleo. Buenos Aires: Hechos e Ideas, 1957.

A National Deputy during the Peronist period, Rumbo is highly critical of the government's



handling of Argentina's oil resources from 1907 to 1930. In the fifth of his text which he devotes to these years, Rumbo places heavy emphasis upon the conflict between American and British interests in Argentina, but, unfortunately, his comments rely on logic rather than evidence.

Silenzi de Stagni, Adolfo. El petróleo argentino. 2nd. ed. Buenos Aires: Colección Problemas Nacionales, 1955.

This is the printed version of the famous history class conducted by Silenzi de Stagni in May 1955 when he criticized Perón's oil policy, maintaining Perón had seriously weakened YPF and strengthened the position of foreign companies. The first two editions of this work were published clandestinely.

#### Politics, Economics, Labor and Foreign Relations

Baily, Samuel L. Labor, Nationalism, and Politics in Argentina. New Brunswick, N.J.: Rutgers Univ. Press, 1967.

While he focuses on the post-1930 period, Baily analyzes Yrigoyen's relations with labor and the struggles within the labor movement during the Radical Period.

Bosch, Mariano G. Historia del partido radical, la UCR, 1891-1930. Buenos Aires: L.J. Rosso, 1931.

An anti-Yrigoyen diatribe which concentrates almost exclusively on pre-1916 period. Argues unconvincingly that passage of Sáenz Peña law was accompanied by a tacit understanding with Yrigoyen that he would not seek the presidency in 1916.

Bunge, Alejandro E. La economía argentina. 4 Vols. Buenos Aires: Cía. Impresora Argentina, 1928-1930.

Economic history and analysis in the nineteenth century liberal tradition. Bunge analyzes Argentina's contemporary economic problems and provides a mountain of statistics which were a product, in part, of his one-time position as the Director of the National Bureau of Statistics.



Cantón, Dario. El parlamento argentino en épocas de cambio: 1890, 1916, 1946. Buenos Aires: Instituto Torcuato di Tella, 1966.

A leading Argentine sociologist, Cantón provides a well conceived analysis of the Argentine Congress during three crucial years using questionnaire data on selected characteristics of the Congressmen. Most interesting chapter analyzes why the increasing democratization of politics and economic expansion have failed to produce political stability.

Castagno, Antonio. Los partidos políticos argentinos; Análisis de los antecedentes de régimen legal. Buenos Aires: Roque Depalma, 1959.

Political science study of relationship between political parties and democracy with bulk of the text consisting of projects for reforming the law on political parties which had been made since 1922. Author emphasizes role of schools and political parties in developing civic responsibility in Argentina.

Díaz Alejandro, Carlos F. Essay on the Economic History of the Argentine Republic. New Haven: Yale Univ. Press, 1970.

Perhaps the most important work on Argentine economic history published in recent years. The author offers two general essays analyzing economic development since 1860 with the dividing line at 1930, and five essays on specific facets of the subject. Díaz Alejandro is primarily concerned with the modern period, but he makes valuable contributions to the understanding of the pre-1930 period as well, particularly concerning the absence of industrial development.

Dorfman, Adolfo. Evolución de la economía industrial argentina. Buenos Aires: Editorial "Radio Revista", 1939.

A textbook style account of Argentine industrial development which has long remained standard due to lack of material on the history of industry in Argentina.

Ferrer, Aldo. The Argentine Economy. Trans. by Mar-

jory M. Urquidi. Berkeley: Univ. of Calif. Press, 1967.

Historical analysis of the Argentine economy tracing its evolution through four stages beginning in the sixteenth century, placing heavy emphasis on the post-1930 period. A good starting point for the study of Argentine economic history.

Galletti, Alfredo. La política y los partidos. Buenos Aires and Mexico City: Fondo de Cultura Económica, 1961.

One of the best of the many attempts to analyze Argentina's chronic political instability. Galletti, a moderate socialist, argues old liberal structure must be completely shed in favor of a "humanistic socialism" which would combine personal liberty, social justice and state planning.

McGann, Thomas F. Argentina, the United States, and the Inter-American System, 1880-1914. Cambridge: Harvard Univ. Press, 1957.

Of value for the present study for McGann's opening chapters provide one of the best descriptions of the "Generation of 1880" available anywhere.

Mazo, Gabriel del. Breve historia del radicalismo. Buenos Aires: Coepla, 1964.

Brief and superficial, but with the advantage of presenting del Mazo's ideas on the entire sweep of Radicalism in one volume.

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. El radicalismo; Ensayo sobre su historia y doctrina. Tomo I. Desde los orígenes hasta la conquista de la república representativa y primer gobierno radical. Buenos Aires: Ediciones Gure, 1957.

Covers Yrigoyen's first presidency as well as the background of Radicalism. A sympathetic treatment by the most influential of Radical historians, it is indispensable for the study of any facet of the Radical Period, but must be treated as a defense of Radicalism and Yrigoyen rather than as pure history.



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. El radicalismo; Notas sobre su historia y doctrina, 1922-1952. Buenos Aires: Editorial Raigal, 1955.

Of Del Mazo's many works, this is the most valuable for the present study. Despite the dates in title, it covers Yrigoyen's first term as well. Valuable not only for the Radical interpretation of these years, but for the detail the author supplies, particularly in terms of personal identifications.

Melo, Carlos. Los partidos políticos argentinos. 3rd ed. Córdoba: Univ. Nacional de Córdoba, 1964.

Helpful as an introductory survey covering span from early national period through the Frondizi years, but too brief. Covers the Radical Period in less than three pages.

Ortiz, Ricardo M. "El aspecto económico-social de la crisis de 1930," Revista de Historia, No. 3 (1er trimestre, 1958), 41-72.

Analysis of the economic factors involved in the 1930 overthrow of Yrigoyen, emphasizing the alleged cooperation between imperialist interests and domestic sectors tied to the imperialists.

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. Historia económica de la argentina, 1850-1930. 2 Vols. Buenos Aires: Editorial Raigal, 1955.

The standard Marxist interpretation of pre-1930 economic development.

Peterson, Harold F. Argentina and the United States, 1910-1960. New York: University Publishers, 1964.

Author's treatment of petroleum in the 1920's is cursory and concentrates on the American reaction to the threat of petroleum federalization. Peterson's extensive bibliography is valuable for any Argentine topic.

Portnoy, Leopoldo. Análisis crítico de la economía. Buenos Aires and Mexico City: Fondo de Cultura Económica, 1961.

Study concentrates on the post-1930 period and



searches for the reasons behind Argentina's post-1945 economic stagnation. Author argues the industrial interests of the Littoral area are linked to the agricultural and cattle sectors of the economy, and all pursue economic policies that aggravate Argentina's economic dependence. Answer, he maintains, lies in basic structural changes.

Potash, Robert A. The Army and Politics in Argentina, 1928-1945; Yrigoyen to Perón. Stanford: Stanford Univ. Press, 1969.

Study characterized by meticulous research and detailed narrative. Author rejects theorizing about the military's role in politics and demonstrates the importance of personal motivations and relationships in determining the political attitudes and actions of the officer corps. An introductory chapter makes clear Yrigoyen's partial responsibility for bringing the military into politics.

Puiggrós, Rodolfo. Historia crítica de los partidos políticos argentinos. 4th ed. Tomo II. El Yrigoyenismo. 2nd. ed. Buenos Aires: Jorge Álvarez, 1965.

A major and detailed Marxist examination of the Radical Period characterized by sympathetic treatment of Yrigoyen combined with insightful suggestions about Yrigoyen's weaknesses and those of the Radical movement as a whole.

Scobie, James R. Revolution on the Pampas: A Social History of Argentine Wheat, 1869-1910. Austin: Univ. of Texas Press, 1964.

One of the few outstanding works on nineteenth century rural economic and social history. Scobie argues the agricultural immigrant made possible the urban middle class political revolution from which the immigrants, in return, received no benefits.

Smith, Peter. Politics and Beef in Argentina. New York: Columbia Univ. Press, 1969.

Study features use of social science concepts and methodology to delineate and analyze activity of

interest groups in the beef industry from 1900 to 1946. Treatment of the Radical Period sometimes hindered by failure to take into account fully the split in Radical Party ranks.

Snow, Peter G. Argentine Radicalism: The History and Doctrine of the Radical Civic Union. Iowa City: Univ. of Iowa Press, 1965.

Provides an adequate introduction to the subject, but not definitive. Author's treatment of the 1920's is brief and superficial and not without factual inaccuracies.

Solberg, Carl.. Immigration and Nationalism: Argentina and Chile, 1890-1914. Austin: Univ. of Texas Press, 1970.

A comparative study of the relationship between the immigrant flow and the rise of nationalism in both countries. Solberg's research highlighted by extensive use of literary sources.

Tornquist and Co., Ernesto. Business Conditions in the Argentine. Report 143 (Dec. 30, 1918).

Provides statistics on coal importation during the WW I years.

Tulchin, Joseph S. "The Argentine Economy During the First World War," The Review of the River Plate, Vol. CXLVII, No. 3750 (June 19, 1970), 901-903, No. 3751 (June 30, 1970), 965-967, Vol. CXLVIII, No. 3752 (July 10, 1970), 44-46.

An examination of why Argentina's WW I experience produced no basic change in the nation's pattern of economic development, and, in fact, exacerbated the nation's dependence on industrialized powers.

#### Biographical Studies and Reference Works

Abad de Santillán, Diego, ed. Gran enciclopedia argentina. 8 Vols. Buenos Aires: Ediar, 1956-1963.

Massive work contains valuable biographical sketches of many key historical figures.

Gálvez, Manuel. Vida de Hipólito Yrigoyen; El hombre



del misterio. 4th ed. Buenos Aires: Editorial Tor, 1951.

While completely uncritical, and disturbing for its lack of factual material, Gálvez's portrayal of Yrigoyen as an introvert is interesting and sometimes enlightening reading.

"General Alonso Baldrich," Estrategia, No. 4 (Nov.-Dec. 1969), 135-136.

A brief eulogy which provides biographical data.

Guevara Labal, Carlos. El general ingeniero, Enrique Mosconi; Una vida consagrada a la patria. Buenos Aires: A. Riera & cía., 1941.

\_\_\_\_\_. El general ingeniero, Enrique Mosconi; Una vida consagrada a la patria, segunda parte. Buenos Aires: Juan Ferrotti, 1946.

These two volumes present admiring portrait of Mosconi by a man who worked for Mosconi in 1920's.

Hombres del día, 1917: El diccionario biográfico argentino. Buenos Aires: Casa Editoria Sociedad Intelligencia Sudamericana, N.d.

Includes living public figures in all fields.

Larra, Raúl. Mosconi: General del petróleo. Buenos Aires: Editorial Futuro, 1957.

While strongly over balanced in Mosconi's favor and blatantly anti-imperialist in tone, Larra's is the only attempt at a biography of this leading petroleum figure. Provides excellent detail on Mosconi's background and on his work with YPF reflecting the fact that Larra had access to at least some of Mosconi's papers.

Luna, Félix. Alvear. Buenos Aires: Libros Argentinos, 1958.

The best existing biography of Alvear. Luna enjoyed use of part of Alvear's personal papers. Unfortunately, Luna skims much of Alvear's pre-1931 career and concentrates on his subsequent emergence as the Radical Party's chief spokesman.



\_\_\_\_\_. Yrigoyen: El templario de la libertad. Buenos Aires: Editorial Raigal, 1954.

Though eulogistic and largely uncritical, this is the best single account of Yrigoyen's life. Features a superb account of the political atmosphere and the developing crisis during Yrigoyen's second term.

Parker, William B. Argentines To-day. 2 Vols. New York: Hispanic Society of America, 1920.

Helpful biographical sketches of over 400 living Argentine leaders from all walks of life.

Piccirilli, Ricardo, Francisco L. Romay, and Leoncio Gianello. Diccionario histórico argentino. 6 Vols. Buenos Aires: Ediciones Históricas Argentinas, 1954.

Excellent for persons dead by 1954.

Quién es quién en la argentina; Biografías contemporáneas, año 1939. Buenos Aires: Kraft, 1939.

Since this source covers only living Argentines, this early edition is particularly useful for figures active during the Radical Period.

Rodríguez, Carlos J. Yrigoyen: Su revolución política y social. Buenos Aires: La Facultad, 1943.

Eulogistic account which concentrates heavily on the pre-1916 period.

Santander, Silvano. Yrigoyen. Buenos Aires: Editorial La Fragua, 1965.

Written by a journalist who interviewed Yrigoyen after the latter's fall in 1930, this eulogy covers selected incidents in Yrigoyen's life and provides information on the major issues which arose during Yrigoyen's presidencies.

Torres, Arturo. Elpidio González: Biografía de una conducta. Buenos Aires: Editorial Raigal, 1951.

Superficial and uncritical but still informative and the only thing available on this leading Radical politician.

Vidas de grandes argentinos. 3 Vols. Buenos Aires: Ediciones A. Fossati, 1960.

The work of over thirty collaborators, this source presents detailed historical biographies of 140 prominent Argentines, living and dead. Yrigoyen is not included.

Yaben, Jacinto R. Biografías argentinas y sudamericanas. 5 Vols. Buenos Aires: Ediciones Metrópolis, 1938-1940.

Not the most useful source for the present work since it concentrates on military and naval figures and on late nineteenth century personages.

### Specialized Bibliographic Aids

Baytich, S.A. Latin America: A Bibliographic Guide to Economy, History, Law, Politics, and Society. Coral Gables: Univ. of Miami Press, 1961.

"Bibliografía sobre el petróleo, 1865-1925," Boletín de Informaciones Petrolíferas, Yacimientos e Industrias, año II, No. 12 (Aug. 1925), 1129-1140, No. 13 (Sept. 1925), 1243-1254, No. 14 (Oct. 1925), 1357-1368, No. 15 (Nov. 1925), 1539-1551.

Compiled on the basis of publications from all over the world held then by the libraries of the Ministry of Agriculture, the Bureau of Mines and YPF. It covers all aspects of the petroleum industry, but is organized chronologically and, therefore, is a bit unwieldy.

Harrison, John P. Guide to Materials on Latin America in the National Archives. Washington: National Archives, 1961.

Harvard University, Bureau for Economic Research in Latin America. The Economic Literature of Latin America. 2 Vols. Cambridge: Harvard Univ. Press, 1935-1936.

Unión Cívica Radical, Comité de la Provincia de Buenos Aires, Comisión de Cultura. Bibliografía para el estudio del radicalismo. Buenos Aires: Talleres Gráficos del Comité de la Provincia de Buenos Aires de la Unión Cívica Radical, 1952.

More valuable for the general study of Radicalism than for the issue of petroleum in particular.

Universidad de Buenos Aires, Facultad de Ciencias Económicas. Revista de Ciencias Económicas, 1913-1929, clasificación general, autores-materiales, preparado por Carlos E. Daverio. Buenos Aires: Imprenta de la Universidad, 1930.

An author and subject index to this review from its first appearance in 1913 down to 1929.

## NEWSPAPERS AND PERIODICALS

### Newspapers

Newspapers provided a particularly rewarding sources for the preparation of this study, supplying detail on the flow of events and statements of attitude and policy by all groups interested in the petroleum issue. All the following are Buenos Aires papers, and, with the exception of the two Independent Socialist publications, La Libertad and Crítica y Acción, they are available in Buenos Aires libraries. The Independent Socialist newspapers are difficult to locate. The Biblioteca Obrera Juan B. Justo in Buenos Aires has some issues of Crítica y Acción for 1927-1929, and I was fortunate enough to be accorded access to a private collection of La Libertad, 1928-1930. Of the papers listed below, microfilming has made La Epoca, La Vanguardia, La Prensa, and La Nación available in some United States libraries.

La Acción, 1922-1930

La Argentina, 1929-1930

Crítica y Acción, 1927-1929

La Epoca, 1916-1930

La Libertad, 1928-1930

La Nación, 1916-1923, 1926-1930

La Prensa, 1916-1930



La Razón, 1917, 1919, 1923-1924, 1927-1928

La Vanguardia, 1916-1930

#### Periodicals

Boletín de Informaciones Petrolíferas; Yacimientos e Industrias, 1924-1965.

Monthly review initiated by YPF in September 1924. In 1934 the title was shortened to Boletín de Informaciones Petrolíferas and uninterrupted publication continued until April 1950 when it was suspended until April 1958. Provides information and statistics on all phases of the oil industry, particularly in Argentina.

La Ingeniería, 1907-1930.

Bimonthly publication of the Centro Nacional de Ingenieros. Most of the articles referring to petroleum are of technical nature, but infrequently something appears on the political side of the issue.

El Petróleo Argentino, 1923-1924.

This publication and the one which follows present the views of the private sector of Argentina's oil industry. Both are difficult to locate in any quantity, although some issues of both are included in the microfilmed diplomatic reports from Buenos Aires.

Petróleo y Minas, 1921-1922.

Forwarded from Graduate School  
to Library 8/3/73 by nlm

